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INDUSTRIAL CO-OPERATION BETWEEN
THE PEOPLE'S REPUBLIC OF BULGARIA AND
THE DEVELOPING COUNTRIES *

Report prepared by
a group of staff members of the Economic Institute at
the Bulgarian Academy of Science

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ENCLOSURES.

1. FUNDAMENTAL PRINCIPLES OF THE INDUSTRIAL CO-OPERATION BETWEEN BULGARIA AND THE DEVELOPING COUNTRIES

1.1. One of the most dynamically advancing sectors in Bulgaria's foreign economic relations during the last decade is its economic relations with the developing countries. Foreign trade turnover with this group of countries has 21% average annual rate of growth for the period 1960-1976, and its share in the total trade of the country increased from 2.7% in 1960 to some 7% in 1976.

During the last years the industrial co-operation between Bulgaria and the developing countries showed intensive development .It is expected that in the near future it will maintain and even increase its weight as a sector of priority, within the framework of the global economic co-operation. The objectives of the developing countries in connection with the economic strategy aiming at the establishment of their own industrial basis and building up of up-to-date economic structure will stimulate this trend.

The socialist countries have proper and ample understanding of these objectives and they are giving their assistance for the fulfilment of the stated economic strategy. This is of great and principle significance for the successful development of an efficient and mutually advantageous economic and in particular industrial co-operation between the socialist and the developing countries. An intensive stimulus for this development is the principles upon which the socialist states build their external economic relations with the developing countries. The economic and industrial co-operation of the People's Republic of Bulgaria with this group of countries conforms to these principles.

The fundamental principles upon which Bulgaria builds economic relations(including industrial cooperation) with the developing countres are objectively determined by the socialist nature of its political and economic system. These principles include:

- respect of state sovereignty, independence and national interests, non-interference in the internal affairs;
- equality of rights and mutual benefit;
- providing scientific,technical and production experience, rendering economic assistance and help aiming at overcoming the economic backwardness of the developing countries;
- pursuing a policy of not-admitting unjustified concentration of cooperation advantages in either party;
- preferential development of co-operation with the state-owned sector in the economy of the developing countries.

These principles are in line with the general trend, nature and requirements of contemporary struggle for establishing the "New International Economic Order" which has to be introduced in the international economic sphere. Economic, and in particular industrial co-operation between the socialist and the developing countries means bringing these principles into reality and application of the requirements for establishing a new type of international division of labour, in order to change the place of the developing countries in world economy.

1.2. Bulgaria maintains all-round economic, scientific, technical and cultural relations with the vast majority of the developing countries. It has so far concluded intergovernmental agreements for trade, industrial, scientific, technological and other cooperation with some 70 countries of Asia, Africa and Latin America. This fact becomes especially significant when we recall that only two decades back Bulgaria used to be in general an unknown economic partner for the countries of the former colonial world. By 1955 it entered into sporadic foreign -trade transactions with some countries, e.g. Egypt, Brazil and Argentina, where it was selling mostly dairy products in exchange for deliveries of cotton, wool, hides and skins.

The rapid development of the disintegration of the world colonial system, the accelerated development of Bulgaria's economy, the speedy establishment of heavy industry and formation of modern export sectors in its industry, as well as creation of an advanced scientific and technological potential , all these enabled the first economic contacts, on a broader basis, with a steadily increasing number of developing countries to come to life in the period after 1955 (mostly in foreign trade). Favourable conditions have been created for the partners, to get mutually acquainted , to get two-way confidence and accumulate experience. This allowed especially in the early 70-ies for Bulgaria to establish with an as yet not too numerous group of the developing countries a steady, prospective and more diversified economic partnership, extending more and more beyond the framework of the basic form through which international division of labour is manifested - i.e. foreign trade.In establishing steady, lasting and long-term relations of economic co-operation with some developing countries (especially in the Near East and North Africa), incl. the development of some basic forms of industrial cooperation, a substantial role is played by the ever expanding activities of Bulgaria in the field of construction and exports of complete industrial plants, intensified financial and credit activities,establishment of joint companies and parallel development of some main forms of scientific and technological co-operation - especially since the middle sixties.

During the last two decades Bulgaria passed an important stage in the development of its economic co-operation with the developing countries: the required preliminary conditions were created for future long-term cooperation in science and technology, one that would be mutually advantageous and even planned (to some extent with certain developing countries), for diversified and steadily expanding economic,scientific and technological co-operation with a fixed number of already established and selected major partners (mostly the countries of North Africa and the Near East,[1] with which about 50% of the economic and up to 70% of the industrial cooperation of Bulgaria with the developing countries is carried out, these incl. India, Iran, Ethiopia, Nigeria, Angola, PR Congo, Peru, etc.

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[1] Obviously for this group of countries geogrphical proximity is of great importance, for some of them historical closeness as well (traditions,daily life,habits and customs of the nations due to the fact that in the past they belonged to the Ottoman Empire, together with Bulgaria.

Undoubtedly when evaluating the positive results so far attained in the development of the economic relations of Bulgaria with the developing countries, as well as in projecting their future development, one should also consider the fact that Bulgaria is a rather small state both in terms of population and territory; that it was one of the most backward European countries at the end of the Second World War, with a highly agrarian economy and fully dependent on imperialist states.

Despite its limited potential not long ago, and the rather complicated problems of internal socio-economic development, pending for solution, Bulgaria has always maintained the view that in the developing countries the current processes of national revival inevitably need among other things all-round unselfish external economic assistance and aid. Lack of prejudice and the care continuously shown by the Bulgarian government for a consistent application of this basic principle of its foreign policy became a main ground for what we now witness the substantial quantitative and qualitative development of economic co-operation with the developing countries . Here are the statistical data for the development of trade turnover with this group of countries (in thousand foreign currency leva):

	Trade turnover		Indices(1970 = 100)	
Year	Export	Imports	Exports	Imports
1970	152000	100900	100,0	100,0
1971	172355	140321	113,4	139,1
1974	458360	308924	301,6	306,2
1975	637074	273481	419,1	271,0

The qualitative changes in the development of the economic co-operation between Bulgaria and the developing countries are most closely linked with the fact that starting from the early sixties foreign trade was no longer the only form of its realization. The statistical data on the development of the other economic activities are significant.

The economic organization "Technoexportstroy" for example, was established in 1964. At the beginning of 1976 it had already carried out more than 500 mln. US dollars worth of civil works in 25 developing countries. The annual volume of the civil works in 1973 was 82 mln. US dollars worth, while in 1976 it almost doubled and amounts to 148 mln. dollars. Further - in some countries as Algeria, Iraq, Libya, Morocoo, Nigeria and Syria the organization has set up bureaus for construction, in Libya and Tunisia - designing bureaus.

Exports of complete industrial projects from Bulgaria to the developing countries increased substantially. We are referring to about 80 projects for food-processing industry, for building materials production, refrigerating technics, air-conditioning installations, ore-concentrators, pharmaceutical units,woodworking and machinebuilding plants, worth totally above 500 mln. dollars.

The share of this sort of activities is already 8 to 10% of the annual machinebuilding exports of Bulgaria to the developing countries and there is a well known connection with a number of other services such as construction and assembly, providing scientific, designing and technological documentation, training local staff, extending credits, etc.

In order to have a better idea about the trend in the development of the economic cooperation between Bulgaria and the developing countries, one should mention that though to a limited extent, it carries out mining and geological surveys in some of these countries, renders organizational, administrative, managerial, technical(incl. staff supply) and other material assistance for putting up major projects in the field of agriculture (Ghana,Egypt, Algeria, Angola, Ethopia, Nigeria,PR Congo, Mali etc.), in the field of town-planning and urbanization (Tunisia, Libya, Syria,etc), public health, education(PR Congo,Guinee, Angola, Ethopia,etc) and so on.It is worth mentioning that several thousand Bulgarian experts work presently in developing countries (the first groups, comprising a few hundred Bulgarian dipl. doctors and architects, left for Algeria, Tunisia and Guinee in 1958-1960), that more than a 1000 young people from the developing countries are yearly educated at Bulgarian institutions (mostly universities and recently at vocational high schools, technical colleges, etc.)

The summary examples above prove the high dynamism of the growth of economic,scientific and technical cooperation between Bulgaria and the developing countries, which determines the actual prospects for a new, substantial intensification, expansion and diversification of the same, consistent care being taken at the same time for increasing its bilateral efficiency and quality. This is reflected in the indices of the current five-year plan for socio-economic development of Bulgaria(1976-1980), as well as in the long-term plans of the country for the period upto 1990-2000.

1.3. It is obvious that good will for co-operation is not sufficient for providing large-scope and effective activities in the field of industrial cooperation. Appropriate economic and technical prerequisites and conditions are required.

One can say that a continuous process of development in quantitative and qualitative aspect is taking place in the economic and technical conditions for expansion and intensification of the industrial co-operation between Bulgaria and the developing countries in different forms.

The following production-cum-economic, scientific and technical conditions play a determining role for the current and future development of this cooperation:

One, the level of industrial, scientific and technological potential of Bulgaria enables her to participate in all forms of industrial co-operation - from designing and technical assistance to setting up complete plants on a turn-key basis, establishing joint production units with Bulgarian deliveries of equipment and technology, arranging cooperated production by Bulgarian documentation, equipment and machinery to meet the mutual requirements and exports to third countries.

Within the CMEA specialization, Bulgaria ranks in a foremost place in a number of productions, where it is gradually becoming one of the largest exporters, having highly developed research and designing facilities available in these production sectors.

Two. In most cases the existing structures are complementary , while industrial co-operation provides diversification of the present economic relations and their enrichment in structure and quantity.The current complimentarity mostly on an inter-branch basis is increasingly diversified by means of the system of internal branch connections among the national economic complexes, which is namely industrial cooperation in its most advanced forms. In a number of developing countries the share of the industrial sector being set up is considerable.This is favourable to the mutually beneficial expansion of relations of specialization and especially of cooperation, as well as involvement of the countries' economy into the most dynamic and promising forms of international division of labour and the respective formation of vertically connected industrial-cum-economic structure .

Three.The steady and planned development of Bulgaria's economy, the substantial state-owned sector in the economy of the majority of the developing countries, elaboration and ever more successful fulfilment of various economic plans and programmes in these countries - all these are favourable factors for the development of steady long-term industrial co-operation, coordinated with the prospective, strategical trends of the economic policy of the developing countries.

Four. The experience of Bulgaria (and its unconditional provision) in solving the major problems related to setting up a modern economy with advanced industrial structure should also be considered as an element of the conditions which promote the development of the industrial cooperation between this country and the developing ones.

Five. Availability of free manpower in most of the developing countries makes reasonable the transfer of some labour-consuming productions, not requiring especially skilled labour, into these countries.
Setting up of such production sectors should have to be oriented mostly at opening larger number of working places. These circumstances and considerations give way to mutually advantageous realization of projects for redistribution of certain production units.

When estimating the possibilities for the development of intensive industrial co-operation between Bulgaria and the developing countries, we should consider some points that exercise a definite restrictive effect and may be viewed more or less as a source of some difficulties.The great economic and technical differences, the lack of industrial facilities , trained staff and experience of any kind in a number of cases hamper partnership in some more advanced forms of industrial co-operation, such as international specialization and co-operation of production. Setting up of industrial complexes in the form of joint production units is confronted very often with complete lack of infrastructure. In such cases projects become expensive and create doubt in the mutual benefit of their implementation.

There are cases when production and exports of raw materials in the developing countries are in the hands of international monopolies. This creates great difficulties in the formation of mutually-advantageous structures of export-import flows in the economic exchange.[1]

In other words, these productions namely , which form the main export of some developing countries and which are of interest to Bulgaria, prove to be sometimes beyond the frames for possible business agreement.

1.4. The experience of our own economic development, as well as of a number of other socialist countries, prove definitely the important role of the foreign-economic factors for creation of possibilities for reconstruction of the economic structure, which is one of the decisive conditions for a dynamic and highly efficient development of national economy. The pursuit of such a policy under the conditions of the developing countries demand certain things from the economic,and particularly from the industrial cooperation with this group of countries.

Having in mind the specific conditions and objectives in the majority of the developing countries, taking into consideration the already accumulated experience and the cropping problems, the following major requirements for industrial cooperation may be outlined:

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[1] In some of these countries discriminatory systems are even created that make maintenance of any business contacts with the PR of Bulgaria almost impossible.

- *providing long-term basis for the arrangements* as a condition for the consistent pursuance of long-term structural policy of the parties, for establishing steady (and to greater extent planned) production, economic and technical relations and for realization of large-scale projects;

- *complex designing* and carrying out of industrial cooperation covering as many phases and elements of the reproduction cycle as possible, creating conditions for optimum formation of production lines of the processing industry, by taking advantage of international production cooperation as well, development of important elements of transport, scientific and technical infrastructure;

- *orientating the priority of cooperation* towards setting up of basic branches of heavy industry (taking best advantage of the most favourable local natural and other conditions), orientation towards setting up large industrial complexes to process the obtained raw materials; formation of a machinebuilding sector, to being with, by organizing the assembly line of production on the basis of a broad technical, technological, staff and other assistance;

- *in respect to the technico-technological area* industrial cooperation should have to provide building up of production units and industrial complexes with *a complete technological cycle*, and to help for the decrease of technological dependence on foreign countries;

- *speedy establishment of new export oriented sectors* of the economy closely linked with industrialization policy, along with up-dating and development of the existing export production of raw materials and farm commodities; the stimulated by industrial cooperation diversification of exports should be carried out both through maximum utilization of horizontal specialization, and especially through increasing the resources of the inter-branch trade turnover: in the last run at the present phase of development one of the major trends of industrial cooperation should be the significant increase of the rate of industrial processing in the "traditional" export sector of the respective developing countries;

- assistance for speedy establishment of industrial branches - "substitutes" for production of basic import products thanks to which up to now considerable economic dependence of the majority of the developing countries is maintained;

- giving priority to the considerations and the requirements of the long-term structural policy in connection with the adopted course of industrialization;

- assistance for marketing of the new industrial export structures through increasing the deliveries of finished industrial output and semi-finished products to the socialist countries;

- in compliance with the requirements for introducing a new international economic order, the industrial cooperation should actively contribute to the formation of a new type international division of labour and to changing the status of the developing countries in the world economy in accordance with their resources and population.

The industrial cooperation between Bulgaria and the developing countries as practiced and as provided for in the present Bulgarian medium-term plans proceeds mainly from the above-stated requirements. Of particular importance is the fact that the P.R. of Bulgaria, having in mind its experience, has got a real and concrete idea of the historic advantages of the policy of industrialization, of the problems and difficulties which are encountered in the course of its pursuance.Practice proves that the policy of industrialization is the shortest way to a lasting solution of the complex economic and social objectives and problems facing the developing countries. All this means that industrial cooperation should not aim at establishing individual industrial centres within the framework of dependent-peripheral type of development and at meeting mostly the current and urgent requirements, but at systematic building of the foundations of the country's industrial structure.At present Bulgaria performs its activities in the field of industrial cooperation with the developing countries from the standpoint of this prospective economic policy.

Naturally the possibilities for carrying out this cooperation and raising its efficiency, for elaboration and fulfilment of long-term and large-scale projects and for ever closer link in production and technology and structure between the socialist and the developing countries will depend to a very great extent on what strategy of economic development our partners are adopting.

1.5. All these principles and requirements in the field of industrial cooperation and collaboration between the CMEA member-states and the developing countries find their concrete application in the preferences that are accorded in this sphere namely to the assistance aspects on part of the socialist states in the industrial cooperation with the developing countries. This is based on the opinion that in result of the industrialization the developing countries may overcome firmly and efficiently not only their backwardness, but also their dependence on the imperialist states and their monopolies. At the present stage of development of the relations between the developing countries and the advanced capitalist states within the framework of world capitalist economy, resp. of its markets, the Asian,African and Latin American states are struggling for establishing " a new, more just order in these interrelations", - a struggle that is completely supported by all socialist CMEA-member states. To this effect the principles of the present economic policy of the socialist countries, incl. those pertaining concretely to their industrial cooperation with the developing countries, under the conditions created at present,by the struggle "for new world economic order" are detailedly and specifically stated in the well-known "General Declaration of the Socialist Countries" submitted at the last UNCTAD Session in 1976 in Nairobi, Kenya.

In connection with the above-mentioned, it should be emphasised that the struggle for "new economic order in international economic relations" at the present stage is not exhausted only (and perhaps foremostly) by the requirements for more equitable re-allotment (in favour of the developing countries) of the incomes from foreign trade and other foreign economic activities between the capitalist and the developing countries within the framework of the world capitalist economy and market. The more equitable participation of the "third world" countries in the world capitalist international division of labour requires mostly re-allotment of industrial production capacities of world capitalist economy in favour of the industrialisatio of the developing countries. This demand of an increasing number of developing countries nowadays is of utmost importance, as in the course of its implementation a long-term basis is attained (and not a conjunctural one, connected with "price games"), for steady and profound change of the so far existing unjust status of the developing countries in international divison of labour, of their dependence, of the existing low social labour productivity, of their limited potentialities to open up and take advantage of the available internal resources for accumulation and carrying out of an accelerated cycle of expanded reproduction.
The socialist CMEA member-states, incl. Bulgaria have lent general and consistent support to this basic request of the developing countries at all international fora, held in the last years to tackle these problems. What is more, the model of the currently developing economic cooperation

(incl. the advantageous industrial one) between the two groups of countries reflects the actual activities of the socialist states in assisting the developing countries to solve their major objective under the conditions of the present stage of development of their national revival.

Undoubtedly the achieved results and future potentialities of Bulgaria in this sphere are more limited in comparison with some of the bigger and more advanced socialist states, especially the Soviet Union.Furthermore, the industrialization process, being a basic element of socialist construction, has long been a major objective of the internal socio-economic development of the country. Particularly in this context of limited possibilities and means, the results attained so far in the field of industrial collaboration and production co-operation with some developing countries may be estimated as an encouraging start. We have already mentioned exports of Bulgarian complete plants mostly destined towards meetings the "industrialization requirements" of our partners. The civil construction activities of the PR of Bulgaria in the developing countries have similar orientation, though to a less extent (about 50% of the work done belongs to public facilities or infrastructural projects which are indirectly linked with the industrialization of our partners). The structure of Bulgaria's exports to the developing countries is rather typical and distinctive, with a steady trend in it for an increasing relative share of the exported machinery and equipment. The relative share rate in this commodity group in our exports in the period 1970-1977 (compared to the total exports -100%,for each continent), is reflected as follows:

	1970	1972	1974	1976	1977
for Africa	36.5	25.5	44.2	68.4	72.1
for Asia[1]	26.1	36.1	14.2	20.4	14.7
for Latin America	16.8.	16.1	10.3	43.0	32.0

The total exports of machinery and equipment to the developing countries has roughly doubled its relative share - from 27% in 1970 to 48% in 1977.

At the present stage of development of the industrialization in developing countries, a major element of their international industrial cooperation are the better and "privileged" conditions established for foreign trade marketing of the new industrial output. This is already becoming a growing and prevailing trend in Bulgaria's imports from "the third world", though still at low pace and with sufficient fluctuations for separate years, for the separate developing countries and for the various commodities. The share of the industrial articles from the processing industry branches in Bulgaria's imports from the developing countries in the period 1970-1977 ranges from 6 to 10% for separate years.

This trend at present is pronounced in relation to the imports from the developing countries of Asia (1975 -12,3%, 1976 - 13.1%) . The lowest figure is for the African countries, as it cannot yet surpass 5%. Bulgaria is increasing the volume of its imports mostly from its main partners and mainly in the field of textile goods, clothes and footwear, some chemicals, machinery and equipment, tyres and tubes and other rubber articles. The future may bring bigger increase in these types of deliveries. An important prerequisite in that respect is the fact that Bulgaria is among the first countries which has to introduce , unilaterally tariff free imports of industrial articles, originating from the developing countries (since the beginning of 1978 this privilege covered also other imported items for the vast majority of the "third world " states). This clause exists in most long-term complex intergovernmental agreements concluded with a number of Arab countries, India, Ethiopia, Angola, Mozambique, Nigeria and others. Such a clause very often is also included in regards to credit repayments on part of the developing countries for delivery of complete industrial plants- through imports of their output. Obviously the latter creates favourable possibilities for expansion of progressive forms of industrial cooperation and specialization between Bulgaria and some of its major partners from the developing countries.

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[1] The low relative share here was determined by the increasing exports of Bulgarian foodstuffs that recently was necessitated.

The increasing number of Bulgarian experts, engaged directly or indirectly in the implementation of the programmes for industrial development, as well as of the trained (for the same purpose) foreigners in Bulgarian educational institutes, vocational courses, post-graduate specialization, etc., and the expansion of the other forms of industrial cooperation (related to geological surveys, development of financial relations, establishing joint production of enterprises) etc. supplement the picture of the substantial advance in the development of this foremost sphere of the economic ties between Bulgaria and some developing countries in the last years.

There are rather encouraging first steps made in the field of establishing direct forms of international industrial cooperation and specialization with some developing countries. We have in mind the already established experience of Bulgaria in the field of cooperated light-duty tractor production in India, in the field of petrochemistry with Iran, phosphate and fertilizer production with Tunisia and Syria, etc.

This is just the beginning of a new promising form, with great bilateral economic effect, which in future will be developed by Bulgaria on a larger scale. Certainly the good prospects outlined in this domain of international economic relations also increase the respective requirements towards the partners of the socialist states. A profound and lasting partnership requires above all that the government and business circles of the developing countries should not be interested, in the pursuance for some reason or other of the neocolonialist strategy of the imperialist states in their economy. They should persevere in the strategy for their industrialization. This means that the developing countries have to introduce on a reciprocal basis,economic and especially legal facilities for the activities of the socialist states and their enterprises. Obviously the developing countries may expand their activities in this line, preparing the conditions (respectively at economic,technical, technological and other level), which are to facilitate to a sufficient extent the development of mutually beneficial and equitable industrial cooperation with the socialist countries-CMEA-member states, incl. Bulgaria.

2. STRUCTURE OF INSTITUTIONS FOR INDUSTRIAL COOPERATION

2.1. The structure of the authorities which carry out bilateral industrial and other economic cooperation in Bulgaria creates certain advantages and privileges for its partners in Asia, Africa and Latin America. This is in connection with the established state monopoly in the field of foreign trade, and of any other international economic activity of Bulgaria.

On this background most of the international economic relations incl. industrial cooperation with the developing countries, are established and realized upon arrangement on an intergovernmental basis. This provides for maximum implementation of the arrangement provisions, i.e. of the transactions themselves - in legal, economic and any other aspects: a guarantor for the realization of these relations is the state itself. Practice proves that this background provides to greater extent complexity, long-term and steady realization of the adopted forms and directions of industrial cooperation. It is of great importance that in such a way reliable preliminary conditions are created for the fulfilment of the guiding pattern of equal and mutually advantageous economic relations between the socialist and the developing countries. It is well known that the multinational monopolies maintain and expand some methods of exploitation of the local natural and labour sources and create different obstacles to the harmonious and efficient course of the industrialization processes in Asia, Africa and Latin America.

The stated basic principle is reflected in the fact that the economic relations of Bulgaria in general, incl.these with the developing countries, are planned and guided by the government.For this purpose a commission for economic,scientific and technical cooperation is established (KINTS).This is an organ of the Council of Ministers, headed by the Deputy Prime Minister. Its members are the ministers - heads of the main economic and functional ministries and establishments such as the State Planning Committee, the Ministry of Finance, the Ministry of Foreign Trade, the Bulgarian National Bank, the Committee for Science, Technical Progress and Higher Education, etc. The Commission has its permanent secretariat. The KINTS is envolved in the supervision, coordination and control of the state policy in the field of foreign economic, scientific and technical cooperation of Bulgaria with the other countries and international organizations. It makes decisions that are binding to the ministries, organizations and the other authorities carrying out foreign economic activities.

The Chairman of KINTS represents the Government of Bulgaria in CMEA and in the Executive Committee of CMEA; submits to the Government for solution those questions which are beyond the competence of KINTS; provides guidance and control in the implementation of the government decisions in the field of foreign economic relations;,etc.

The Commission has the following more specific rights and commitments:

- elaborates the matters pertaining to the economic,scientific and technical cooperation and prepares documents and materials for top level meetings;

- submits to the Council of Ministers reports on the results from the CMEA sessions and its Executive Committee with proposals for decisions of the Council of Ministers for respective discharge of the decisions of these authorities;

- considers the position of the Bulgarian delegations in different international organizations and bilateral joint commissions and committees for economic,scientific and technical cooperation;

- supervises and coordinates the activities of the ministries and the other establishments as regards rendering help and technical assistance to the developing countries in developing all-round economic and industrial cooperation with these countries;

- makes arrangements for surveying and examination of the results of the economic,scientific and technical cooperation and of the work of our representations in international organizations;

- the ministries, the establishments and the organizations which are involved in foreign economic activities in their different forms are obliged to coordinate their activity with KINTS.

According to its statute and practical activities KINTS is established as a governmental body,which gives its active contribution for streamlining and raising the efficiency of the state policy in the field of foreign economic relations.

The bilateral economic relations with the different developing count ies are regulated through intergovernmental agreements and other arrangements,signed between the respective ministries and contracting parties. As a rule such agreements on part of Bulgaria are signed by the minister of foreign trade,but occasionally may be signed by other top officials such as the Minister of machinebuilding,the Minister of agriculture and food industry the Minister of chemical industry, the minister of metallurgy and mineral resources, etc.

During the past decade a good form for development of the economic relations and industrial cooperation are the bilateral joint committees (or commissions) , more than 20 in number, for economic,scientific and technical cooperation with the developing countries our main partners from Asia, Africa and Latin America. Co-chairmen of these bilateral joint committees are usually ministers (incl. the deputy-chairmen), which enable the discharge of the commitments undertaken to be done in the most reliable and responsible way both on part of the government of Bulgaria and on part of the government of the respective developing country.

These intergovernmental committees make a comprehensive analysis of the situation of the economic relations, the implementation of the different arrangements, they commit the various economic organizations and enterprises to establish contacts, to investigate specific possibilities for cooperation and to agree within a fixed time on setting up economic relations, to sign concrete contracts for industrial cooperation or another type of economic cooperation. In this way they create the necessary specific facilities and guarantees for the most efficient, timely and proper guidance in the implementation of the intergovernmental agreements of Bulgaria for industrial cooperation on a bilateral basis with the respective developing countries.

Such intergovernmental committees for economic, scientific and technical cooperation are already established with India, Iran,Syria,Turkey,Iraq,Algeria, Libya,Tunisia, Morocco, Cyprus, Ethiopia,Tanzania, Angola, Nigeria, PDR Yemen, Congo, Guinee, Peru and some other developing countries. The results attained so far in their work are very encouraging . They exert substantial influence on the efficient and profitable development of the bilateral cooperation between Bulgaria and these developing countries.

How do the joint intergovernmental committees work in fulfilment of the long-term agreements, what is the procedure for elaboration and implementation of the specific contracts, through which the matters agreed upon are implemented?

The activities of the bilateral committees for economic,scientific and technical cooperation are defined by the signed intergovernmental long-term agreement. It establishes the fields of eventual cooperation, the forms which may be sued, the objectives .The bilateral committees proceed from the principles of the cooperation - mutual benefit,equality of rights, respect of national sovereignty, applying the most-favoured-nation-treatment, mutual facilities for more successful carrying out of this cooperation, etc.

In practice these agreements are jointly prepared. Each side works its draft and sends it to its partner for consideration. At a later stage these drafts are discussed by the delegations of the two countries which work out a common text, mutually acceptable for the parties that reflects the principles accepted in international practice, as well as the specific interests of the contracting parties. The jointly worked out agreement is submitted for signature. This agreement is to be ratified by the parliaments or the governments of the two countries,depending on the existing practice.

At the annual session of the bilateral committees for economic,scientific and technical cooperation, the domains and the specific projects are identified, for the realization of which the economic organizations and companies of the two countries may agree upon.With a view to speeding up the implementation of the specific items, the timing is usually fixed for making contacts and agreeing upon the outlined cooperation.

So as to attain more efficiency in the work of the bilateral committees and better realization of the intended cooperation, the following sessions of the committee make a review of the implementation of the protocol adopted by the previous session. Besides this some committees have established a practice, to hold periodically (every 6-7 months) inter-session meetings between some representatives of the delegations of the two countries (2-4 persons on each side), on which the fulfilment of the arrangements at the last session of the bilateral committee is reviewed.

This makes both sides capable of exercising consistent control. The bilateral committee is entitled to ask the economic organizations and companies to give a report on the implementation of the joint projects entrusted to them. Each partner may check up autonomously the fulfilment of the obligations of a given economic organization on its territory.

The most typical weak point in the activities of the bilateral committees so far is the insufficient control over the fulfilment of the arrangements made. Alongwith this, usually delays are incurred when informing all concerned authorities and economic organizations about the agreed upon things and time schedules.

On the basis of the adopted arrangements the economic organizations of Bulgaria and of the partner - (the developing country) get in direct touch and commence discussions on the specific projects for industrial cooperation. Usually the Bulgarian economic organizations and companies carry out general investigations of the identified projects either on the spot, or on the basis of relevant data given by the respective companies in the partner-country. The latter is usually in answer to questions raised by the Bulgarian organization. These preliminary studies enable, on one hand, to find out the practicability of the intended cooperation, and on the other for a foundation to be laid for agreeing on the general conditions of this cooperation. In a number of cases these studies protect the developing countries from hasty and unprofitable projects, from unnecessary expenses of foreign currency, etc.

The Bulgarian economic organizations invite experts and top officials from the partner-company in the developing country,to see similar units in Bulgaria and get acquainted with the possibilities for cooperation. Proceeding from international practice and from their own experience, the Bulgarian company usually prepare its draft-contract and submits it to the partner-company for consideration. It contains the general terms, conditions and commitments from both sides. The Bulgarian side usually undertakes to prepare the feasibility report, working out of the design, the schedule for the delivery of equipment , its assembly, provisions for transfer of technology, experts for investment control and supervising activities, training the required local staff- experts and skilled workers. Upon respective inquiry from the partner-company, a commitment is undertaken for setting up an industrial unit on a "turn-key basis". In certain cases financial facilities are provided. If the partner-company has prepared its draft-contract, the Bulgarian side studies it and discussions begin for agreeing on mutually acceptable texts. This takes several days.

During the implementation of the signed contract, upon mutual consent of both sides, certain improvements may be inserted or up-dating made of the project (for example, for applying latest technology). The initiator of such up-dating of the project may be one of the companies or both of them. Periodical control is exercised as regards the delivery terms and civil works schedule agreed upon.For this purpose meetings of top officials from both companies are organized. In cases when the agreed schedule is not complied with, sanctions are envisaged. As we have stated above, control is exercised also by the bilateral joint committee for economic cooperation, which considers the implementation course of the contract and takes the necessary steps for overcoming the shortages and delays.

The practice of cooperation prevailing so far with companies or economic organizations from the developing countries enables us to see some shortages and defaults which handicap the work, namely:

- lack in a number of cases of clarity, conviction and demonstrable economic benefit from the designed cooperation;
- the required relevant data for preparing the feasibility report are collected with difficulties, though the visits of the Bulgarian experts to the respective countries are mainly for this purpose. Due to unidentified construction sites,unreliable data regarding water,electric supply, transport, etc., the preliminary studies are delayed which is an obstacle to timely agreements
- not complying with the commitments and the fixed timing,occurs especially often when local companies are involved in the civil works and this prolongs the assembly of the equipment and its putting into operation;
- delays in the selection of the local personnel to be trained in order to undertake the running of the production unit;

- sometimes insufficiently qualified experts are included in the preliminary negotiations which does not allow a prompt elucidation of all questions regarding the technology of equipment.

The practice shows that these problems are usually dealt with satisfactorily in the course of work. A major part of them, however, may be avoided with better preparation for the discussions and strict observance of the commitments, and by using qualified experts in the negotiations.

We could give an example to illustrate the work of the intergovernmental committees for economic,scientific and technical cooperation.

The first session of the Bulgarian/Tanzanian Committee for economic,scientific and technical cooperation was held in Sofia between 13 and 17 September 1976 under the following agenda:

1. Briefing on the five-year plans for socio-economic development of the People's Republic of Bulgaria and the United Republic of Tanzania and considering the possibilities for cooperation in certain fields.
2. Cooperation in agriculture
3. Review of the credits extended by Bulgaria to the UR of Tanzania and discussing proposals for their utilization.
4. Cooperation in geological prospecting,designing, mining.
5. Review of two-way trade and discussing possibilities for its increase.

After a thorough discussion of the above-stated items, it was agreed that the cooperation between the two countries should be aiming at the following projects:

- setting up of a tanning factory
- " a brick factory
- " a starch factory
- " a machine tool factory
- " a plant for silicate articles
- designing of a soya-bean farm on 3 thousand ha
- delivery of a poultry farm for 1 mln. broilers with an extension capacity up to 5 mln. pcs.
- designing of two farms for maize production, 4-5 thousand ha each;
- investigating and designing 2 irrigation systems, 5 thousand ha each:
- investigating and designing a seed production vegetable farm
- examining the possibilities for cooperation in the field of mining and geological surveys:
- taking steps for the increase of trade between the two countries
- signing a Statute of the Joint Bulgarian/Tanzanian Committee for economic,scientific and technical cooperation.

Due to the meetings and negotiations followed up between economic organizations of the two countries in 1977 and 1978, a number of the outlined projects out of the whole range have been accomplished. For example, the tanning factory in Morotoro is already completed and operating.Contracts for delivery of a brick factory and a plant for machine tools have been signed.

The contracts for delivery of two production units for household ceramics will be soon signed . All technical and price matters are agreed upon. An offer for construction of the poultry farm is submitted. Samples from the caolin source are taken and are tested in Bulgaria with a view to establish cooperation in this field. As a result of the arrangements a marked increase was made in 1977 and 1978. The Statute for the work of the Joint Commission was worked out and approved by both sides. For the projects in agriculture the specific stages for investigation and negotiations during the current year have been outlined. Other joint committees work in a similar way. The decisions taken on their session provide orientation to the respective economic organizations on the questions which are to be discussed and solved, and on the work schedule.

Working sub-committees to some joint committees deal with different matters and lines of cooperation: agricul ture, transport, industry, mining and geological surveys, trade and finance, construction, scientific and technical cooperation,etc. They adopt the agreed items for deliberation at the session . Such working groups are established to the joint committees between Bulgaria and Iran,Libya, Turkey, Greece, Algeria, India, etc.

The Bulgarian delegations in these joint committees have a permanent composition which comprises deputy ministers of the main economic ministries, directors general or their assistants of economic corporation and foreign trade organizations, experts on the questions of planning,financing, banking and credit problems,science and technology, performing civil works, staff training, establishing industrial cooperation and other forms of cooperation. The scope of activities of these and other Bulgarian economic organizations covers almost all branches of the economy. Similar economic corporations and complexes incorporate individual production and commercial enterprises and actually carry out all activities in the production and marketing of the output in a given economic field.

In this way, the immediate Bulgarian contractors of the developing countries in the field of industrial cooperation, collaboration and specialization have some advantages,which facilitate the realization, timely performance, quality and efficiency of the transactions. First of all they are integrated participants of much more complicated, multilateral and complex economic interrelations on long-term basis. In principle these organizations have at their disposal not only their own financial and other material and staff resources and potentialities, but also those of the Bulgarian state .Their activities give rise to interest, responsibility and commitments for other economic units as well (for example banking or insurance institutions. c), as the activities of these economic units are included in and represent an integral part of the national socio-economic development plan of Bulgaria.

This structural and organizational system of the organs which are involved in carrying out industrial cooperation between Bulgaria and the developing countries is steadily improving - mainly towards acquiring more managerial skill and efficiency, in establishing and discharging international commitments, incl. those in the field of industrial cooperation with the developing countries. For example, during the current year 1978, the Bulgarian government improved the organization of the organs and institutions existing in this sphere which execute governmental international economic contracts , by increasing their independence (legal and economic), incl. creating possibilities for direct contracting at a firm level for industrial cooperation with production units from the developing countries. The purpose is to reveal better conditions and new possibilities for expansion, diversification and increase of the efficiency of international transactions in the sphere of industrial cooperation of Bulgaria with the developing countries, carried out on a bilateral basis.

2.2. Cooperation on a multilateral basis between the CMEA-member-states and the developing countries develops successfully on a mutually beneficial basis and the interest of strengthening the economic and political independence of these countries. The political basis of the relations of the CMEA-member-states with the developing countries is their support of the common aspirations and the determination of these countries to struggle against imperialist exploitation and neocolonialism, the support of a new international economic order, for peace and peaceful co-existence. The economic basis of the cooperation are the advances production forces of CMEA member-states as a whole, as well as the existence of practically completed complex of branches and sub-branches of material production and highly developed scientific and technical potential.

The cooperation of the CMEA member-states with the developing countries is in line with their aspirations for establishment of national industries, for modernizing and updating the organization of agricultural production, for establishing their own scientific basis for training national staff, etc.

Cooperation with these countries is gaining momentum. On a multilateral and bilateral basis the CMEA member-states maintain at present economic,scientific and technical relations with some 80 developing countries from Asia,Africa and Latin America. These ties enjoy a very dynamic growth. The volume of the rendered assistance during the last 10 years as compared to the previous 10 years has increased more than 4-fold. The CMEA countries have constructed or are building about 4 thousand industrial units.

In 1977 alone the CMEA member-states have concluded about 270 agreements for economic,scientific and technical cooperation.These figures show the scope of the relations between CMEA-countries and the developing countries.

Depending on the nature and the area covered by each separate question of industrial cooperation between CMEA (as a whole) and a given developing country, the same may be considered by:

1) the supreme organ of CMEA - the Session;

2) the Executive Committee;

3) the CMEA Committees on joint planning activities, on scientific and technical cooperation, material and technical

supply;

4) the branch or functional permanent commissions of CMEA. Strictly speaking, no special organs for industrial cooperation with the developing countries exists. All above mentioned organs can decide for such a cooperation, while the level at which a decision is taken depends on the character and the significance of the given question.

A Commissinn of technical aooperation is established at the CMEA. It considers recommendations to the CMEA member-states on questions within its competence. "ithin the framework of this Commission the activities, proposals and recommendations for intensification and expansion of the economic and technical cooperation with the developing countries are elaborated. If need be working groups are established to the Commission. The groups only prepare the work in fulfilment of the task they have been set. They are not entitled to made decisions. Such a right belongs to the Commission or the higher CMEA organs.

Depending on the nature of the specific question the Commission on technical assistance collaborates with the remaining branch or functional CMEA organs, as well as with the respective national authorities of CMEA member-states. The representative of a given country- CMEA-member, at the CMEA commission on technical cooperation supervises the fulfilment of the decisions of the Commission by the various national authorities in his country.

The economic,scientific and technical cooperation between CMEA and the developing countries is carried out on the basis of the agreements. The objectives of the agreements, irrespectively of the partner, are identical: development of multilateral cooperation between the CMEA member-states and the respective developing country on questions of mutual interest. The principles of the agreements are: equality of rights, mutual benefit and noninterference in the internal affairs of the Contracting Parties.

The agreements comply with the objectives of the UN Charter and of the CMEA Charter.The concluded up to now agreements confirm the readiness of the CMEA member-states to develop economic relations with the rest of the world.

Usually a Joint Commission is established by representative from CMEA-member-states and the developing country concerned in order to arrange the implementation and investigate specific spheres of cooperation. The Joint Commission may accept recommendations to the Contracting countries. The same may make decisions only on organizational and procedural questions. The recommendations accepted by the interested CMEA member-states and the developing countries are fulfilled in multilateral and bilateral agreements between them, their authorities, organizations and enterprises or in another manner agreed upon.

The agreements for economic,scientific and technical cooperation between CMEA and a given developing country do not hamper the bilateral connections and agreements which are outside the multilateral agreement.

The agreements, prior to their approval by CMEA and the developing country, are approved by the individual CMEA member-states. Usually the agreements are concluded for an indefinite period of time and may be cancelled by either Contracting Party by submitting a 6-months notice in advance.

When a specific project of cooperation is dealt with on a multilateral basis (e.g. constructing of an industrial production unit), the mechanism is as follows: a country, CMEA-member is chosen to organize this project.Usually this is a country with rich experience in the given domain. It works out the technical and economic assessment and specific proposals for multilateral cooperation in the filfilment of the project. As a rule a given economic organization in the country -organizor undertakes to work as a main coordinator. The economic organizations of the parties of the Agreement do participate. The related legal formalities are effected in compliance with the international contractual practice.

The level and the scale of the multilateral coopera tion so far between the CMEA member-states and the developing countries under the present conditions do not offer complete satisfaction. Mutual interests presuppose wider utilization of the multilateral forms of relations in the field of economic and industrial cooperation. Obviously an important role in the development of this cooperation will be played by the elaboration of efficient mechanism for attending the multilateral economic relations.

The CMEA Charter and some other normative documents offer the necessary legal and organizational background for intensification of the bilateral cooperation by taking advantage of new forms and applying the respecive mechanism.

The provisions of article 11 of the CMEA Charter state as follows: "The Council for Mutual Economic Assistance may invite countries, non-Council members, to participate in the work of the organs of the Council or to carry out cooperation with them in other forms". The conditions of this cooperation in both cases are determined upon agreement between CMEA and the respective country usually through conclusion of an arrangement. The Complex programme for socialist economic integration of the CMEA member-states, adopted in 1971, has also provided the possibility for complete or partial participation of any country-non-CMEA member in the materialization of this programme, which is arranged by agreement between CMEA and the respective country. Hence practice affirms the system of agreements as a major instrument for regulating multilateral cooperatio in its different forms.

The experience from the last years proves that the necessary specific mechanism for development of multilateral cooperation of the CMEA member-states with the developing countries is being successfully formed. We have in mind the agreement for cooperation signed by CMEA in 1975 with Iraq and Mexico.By the time when these agreements were signed, the CMEA members had intensive economic relations with Iraq, as shown by the fact that with their aid more than 200 industrial and other projects have been built, a good deal of them having key positions in the economy of the country.

A basic organizational and institutional element in the applied mechanism is the established Joint Commission of representatives of the CMEA member-states and Iraq. The commission accepts recommendations and decisions with the consent of the interested countries.The materialization of these recommendations is effected by conclusion of multilateral and bilateral agreements between the countries, their authorities and organizations. The working bodies of the commission organize the elaboration of multilateral arrangements on the questions of economic,scientific and technical cooperation. The commission may establish contacts with the CMEA organs, resp, with their representatives, with the international organizations of CMEA and may invite their representatives to its meetings. In accordance with its functions the commission may assist in organizing mutual consultations and exchange of information between parties related to economic policy, and other questions of multilateral cooperation.

In these provisions of the Statute and the working procedure of the Joint Commission, considerable possibilities are open for further development of the mechanism of multilateral cooperation aiming at achievement of a better coordination between the parties, on a higher level, in a number of sectors, at increasing the complexity when elaborating the activities and the long-term nature of the multilateral economic relations in process of formation.

With a view to achieving more efficiency, an important element , while investigating the possibilities for cooperation in different areas, and preparating decisions on a mutually beneficial basis, are the permanent and the temporary working groups , established as subsidiary organs of the Joint Commission. Three working groups have been established at the first meeting of the commission in 1976 - on scientific and technical cooperation, on oil and natural gas, on foreign trade, as well as a meeting of the experts in agriculture, irrigation and construction of food-processing units. The working groups are entrusted with a broad investigation programme and prepare proposals for development of cooperation in the given area.

These principles serve as a backgound for the agreement between CMEA and Mexico .Analogical is the situation of their "Joint Commission" regarding its membership functions, competence and procedures for recommendations and decisions.

Having in mind the insignificant volume of the economic relations between the CMEA member-states and Mexico so far, the major objective set to the commission is to "investigate the possibilities for intensification of multilateral cooperation in such fields as taking advantage of technologies, development of foreign trade, financial matters, as well as the branches where joint ventures could be established, in particular in industry, agriculture,mining, sea transport, and other fields of mutual interest."

It is worth mentioning that for the purpose of closer study of the potentialities for development of cooperation, a visit of a team of CMEA experts to Mexico was decided upon and effected.

In the course of the contacts made and the talks held with state-organs and business circles (in all more than 30 enterprises and establishments were visited and more than 200 discussions took place), some of the possible lines and fields for development of future multilateral economic, scientific and technical cooperation were outlined. This undoubtedly will assist the speeding up of the elaboration of a number of projects of mutual interest.

After the almost 3-years experience of the work of the two commission , a conclusion can be made that the strengthening of the new form of multilateral cooperation is becoming more and more one of the basic factors for its intensive development on a long-term basis. It is natural that the dynamism and the scope of the process will depend too much on how far the countries will create favourable local conditions for development of multilateral cooperation, incl. making arrangements, aiming at certain adaptation of the economic mechanisms to the requirements of the economic ties on multilateral basis.

The dialectics of development in this sphere is such that in the example with Iraq, the active bilateral cooperation of this country with the CMEA member-states prepared the transition to a broader expansion of the multilateral forms of cooperation for further intensification of the economic relations, and this in its turn will stimulate the dynamic development of the bilateral relations. As far as cooperation with Mexico is concerned, this last effect will be emphatic.

2.3. The problems and difficulties which Bulgaria encounters in establishing a more suitable institutional structure for effecting industrial cooperation on bilateral and multilateral level with the developing countries have a limited nature. This is a result first of all of Bulgaria's unified system of organization and structure of the economic units, based on the advantages of state property and on the state monopoly for planning, directing and carrying out foreign economic activities. The main efforts of Bulgaria in this respect are aimed at consistent improvement (taking into account the experience accumulated during the two last decades) of the structural and organizational-institutional forms for efficient combination between two major principles: a) centralized national economic planning and management of economic relations of Bulgaria, incl. industrial cooperation, with the developing countries - a condition for realization of complex, global, long-term, steady and mutually beneficial effects from the macro-economic point of view; b) possibly more direct and concrete participation in making contacts and the agreeing on contractual conditions between direct executors - the immediate Bulgarian contractors with the organizations in the developing countries, for the purpose of duly attaining better utilization of the existing economic, technical and other possibilities of the Bulgarian enterprises (resp. of the participating companies from the developing countries as well), which will raise the capability for mastering the forms, expanding the scale and raising the efficiency of the industrial cooperation agreed upon at intergovernment level. It was precisely in this direction that in 1978 some changes towards expanding the legal and economic independence were effected (incl. possibilities for direct negotiating) between economic units (corporations, foreign trade organizations, combines,etc) which are directly involved in the fulfilment of production, trade, transport and other activities in the sphere of industrial cooperation with the developing countries.

Certain difficulties in the economic cooperation with some developing countries are encountered because of lack of information about the existing structure and competence of the establishment at different levels with which business contacts should be made. This delays contact-making and conclusion of contracts, gives a wrong direction to correspondence, etc. Under the currently prevailing significant differences in the structure and levels of establishments, engaged in international industrial cooperation in the individual developing countries, more bilateral efforts of the diplomatic and trade representations are needed. The establishing of joint intergovernmental commissions would be of great help in this respect.

The difficulties connected to the establishing contacts between companies with different property (state-owned in Bulgaria and private in the developing countries), which a few years back appeared in some cases to be significant , nowadays are eliminated to a large extent,depending on legal regulations existing in Bulgaria. The problems occuring now in this respect with some private companies are usually due to restrictions from the legal regime of the developing country.

The experience of Bulgaria so far proves that negotiating and realization of industrial cooperation with some developing countries is complicated unnecessarily also b: by the existing practice of our partners not to stick to relatively constant membership of the delegations to the session of the joint inter-governmental commissions for economic,scientific and technical cooperation. In some cases this discontinues the link and the consequence in their work, brings about unnecessary repetitions,leads to postponing some decisions. It is necessary that the persons who do the preparatory work for the agreements should have more lasting contacts, as this results in intensification of the confidence, more knowledge of the potentialities, traditions and the other conditions between the contracting parties.

3. FINANCIAL ASPECTS OF INDUSTRIAL COOPERATION

3.1. When evaluating the development and the results of the financial activities of Bulgaria up to now in the field of its industrial cooperation with the developing countries, one should have in mind its size, as well as the fact that it continues to use foreign loans for the purposes of the speedy development of a number of industrial sectors.

It should be said that the extremely rapid economic development of Bulgaria up to now and the implementation of the programme for industrialization are basically connected with the financial aid of other, economically more developed CMEA member-states and especially the Soviet Union. Taking into account the above, two main conclusions could be drawn:

One. These complicated activities (carrying out international financial and credit operations) have been absent in Bulgaria's past practice and not long ago it started to accumulate experience, to train staff specialized to the purpose, to get acquainted with the complicated details of "the mechanism" of these operations, particularly under the conditions of world capitalist economy. Such new activities - financing a part of her industrial cooperation with the developing countries, created certain difficulties and problems for Bulgaria.

Two. The fact that in its international economic activities Bulgaria got involved in operations for financial assistance to its partners from the developing countries, mostly for their industrial development, is a good proof of the consistency with which a basic principle in the interrelations with these countries is applied by Bulgaria - rendering maximum assistance and help for the implementation of their industrialization programs.

The total number of the credits Bulgaria has accorded to the developing countries on a bilateral basis attained a number considerable for our potentialities. Here should be added the means that attend to the non-commodity payments between Bulgaria and the developing countries (transport and advertisement expenses, on international tourism, remittance of labour pay, for medical treatment,etc). To this sum also should be added the quotas of Bulgaria in the funds which credit the developing countries under the multilateral cooperation with CMEA and resp. through the International Investment Bank.

Up to 80% of Bulgaria's credits to the developing countries have mostly been directly related to the carrying out of industrial cooperation (a major part of the credits is connected with delivery of complete industrial plants, with exports of machinebuilding outputs, with civil works of Bulgaria in the developing countries, etc.) The credits are state and firm's. The interest rate of the state credits as a rule, is low - from 2.5 to 3.5%, and the firm's credits are short-term; and their interest rate is higher than that of the state credits, but generally it is lower than the current interest rate of the international credit market.

It is worth mentioning that Bulgaria endeavours to direct the credits for rendering economic and technical assistance during the implementation of the industrialization programs of national economic importance. In this connection in most cases repayment of the credits is effected with the output of the production units built on credit. A part of these credits (though in rare cases) become also joint stock of established joint industrial companies (for example in Nigeria, in the field of fish-canning industry). In the last few years some projects for industrial cooperation and specialization are credited (with India, Tunisia, Algeria, etc.)

The stated financial and credit activities of Bulgaria have been reflected in a better way during the last decade and they are mostly connected with the fulfilment of more lasting and more substantial contracts having a varied and complex economic, scientific and technical nature as regards its major and permanent partners. The socio-economic development plans of the country envisage expansion of these activities along with enlargement of the potentialities, the experience and the economic contacts of Bulgaria with the developing countries on bilateral and multilateral (through CMEA-authorities) basis. In connection with the prospects of these activities and the substantial improvement of the financial status of some developing countries (mainly oil producers and exporters), incl. some of our basic partners, the Bulgarian government provides for receipt of credits from them in order to expand the scope and diversify the forms of industrial cooperation. At present such potentialities are created and are utilized in the relations between Bulgaria and Iran (this is the background for setting up projects of the canning industry, road transport connections and farm production). Jointly with Iran and Turkey, for example, we investigate the possibilities for cooperation in up-dating the infrastructure and warehouse facilities of Bulgaria and Turkey, with a view to ease the important transit flow between Europe and Iran. Questions, pertaining to the cooperation in arranging road transport are discussed with Libya, both in this country and in Africa, as well as questions of cooperation with the other developing countries. Such possibilities for cooperation with Kuwait, Nigeria ,etc. also exist.Similar possibilities with some other countries - Iraq and Algeria are subject to consideration.

3.2. Repayment of the credits by the developing countries, as stated before, is mostly effected with industrial output from the newly built production units: in all cases Bulgaria applies the rule of "one-year grace period".In the remaining cases payments are effected in traditionally used currency. Naturally, the permanently occuring and intensifying foreign currency crises and shocks of the major capitalist currencies considerably increase the foreign currency risk for Bulgaria. The applied so far foreign currency and gold clauses in this respect might prove in future to be insufficient guarantee for stimulating the financial and credit activities of Bulgaria with the developing countries under similar conditions. For the purpose of attaining more stability and reliability, it would be required for such relations to be financed through the facilities of "the transferable Rouble" and "Special Drawing Rights"(SDR).

Undoubtedly that is a field where payment forms in "clearing currency" could be applied as well. These agreements are not wide-spread at present in Bulgaria's practice (it has concluded such with 9 Asian and Latin American countries; with two of them - Pakistan and Bangladesh, they have the nature of a barter). These agreements have a limited role due to lack of flexibility in the created relations, because of the increased financial possibilities of some of Bulgaria's main partners (it is well known, that these are mostly the Arab countries), and the prevailing active balance in Bulgaria's balance of payments with most of the developing countries.

In future better advantage could be taken of the clearing forms, especially in the following variant: a provision for balancing the clearing in freely convertible currency, utilization of tripartite and multilateral clearing (with other socialist countries).The multilateral clearing may prove to be very suitable and useful in general to the development of economic cooperation, if a part of the developing countries accept the proposal of the CMEA member-states to get involved in the multilateral payments system through "the transferable Rouble". It is clear that in this situation countries with smaller financial sources as Bulgaria will have much more possibilities for financing projects for industrial development of the developing countries.

There is another problem, or disadvantage of the financial activities,which is encountered when seeking the ways to diminish the "foreign currency risk" in repayment of a part of Bulgaria's credits for industrial cooperation with the developing countries: the rather low utilization rate of the extended credits which is about 50% in a number of cases. In some cases there may be different specific reasons, but the main ones are to be sought in the following directions:

a) Bulgaria's credits as a rule are accorded on the basis of intergovernmental agreements. In the course of its utilization it becomes evident that a number of important preliminary elements and conditions for the fulfilment of the respective project are missing, and the financial means cannot be used. This is connected with a number of disadvantages in the preliminary research and information work. In the last few years appropriate steps are taken in this respect by the Bulgarian institutions concerned. Provided the economic organizations are given more independence while concluding and implementing the contracts (on account of the ministries), this will bring about more flexibility and efficiency. To this end proper understanding should exist on the part of our partners for creating facilities and rendering assistance in this necessary phase of work, preceding the financing itself. This is the area where some international organizations, incl. UNIDO, could give a helping hand (it is partially already taking place), with their investigating and information activities.

b) Some of the developing countries require financial means "in principle", without being prepared to participate financially, or in other material ways, with staff, etc. in the realization of the respective industrial project. What happens in practice is that in many cases they start arranging and enforcing those preliminary elements for which they have taken respective contractual engagements only after financing is opened on the Bulgarian side.

c) Until recently an opinion prevailed in Bulgaria that similar operations should concern the demands of the developing countries only in capital funds. A few years ago our practice underwent a correction by granting loans, incl. those used as circulating means for the implementation of the respective project. In some cases (Guinée, Tunisia, etc.) this accelerated the utilization of some Bulgarian credits.

It is necessary that Bulgaria and its respective partners from the developing countries should substantially improve this side of the financial activites. It is obvious, when taking into account the potentialities of Bulgaria, that we can consider the volume of the accorded financial funds for industrial development of the developing countries as satisfactory and purposeful . At the same time due to the low utilization of these means and the good deal of efforts made on the Bulgarian side for sparing them,their practical meaning is greatly diminished. If this situation is maintained in future, it may become one of the handicapping factors for further growth of the volume and the forms of industrial cooperation between Bulgaria and the developing countries.

For this improvement in some regulations of the legal regime in the developing countries-partners of Bulgaria and other socialist countries, related to the flow of foreign financial means into the national industry could be effected. In our view it might prove more efficient if some additional facilities were created in some of them for countries like Bulgaria in the field of the legal and economic regime for setting up joint production units, in order to facilitate "the Bulgarian presence" in carrying out economic,technical, technological, organizational and managing operations in compliance with the concrete situation for establishing and running a given industrial project.

4. LEGAL ASPECTS OF INDUSTRIAL COOPERATION

4.1. Legal regulation of industrial cooperation between Bulgaria and the developing countries is based mainly on our national legislation, on the government and other legal regulations which embody the policy of our country in the field of international economic cooperation. The basic legislative act in our country, on the basis of which the legal questions of the foreign industrial cooperation with developing countries are regulated, is the Law on Foreign Trade.[1/] According to this law all activities and the conclusion of transactions in the field of international economic relations of Bulgaria are performed on the basis of the state monopoly on foreign trade. Contracts in the field of foreign economic relations, including for industrial cooperation, may be concluded only by state and cooperative economic organizations entitled by the Council of Ministers to sign such contracts. Regulations on application of the Law on Foreign Trade are issued.[2/]

In 1974 the State Council of the People's Republic of Bulgaria issued Decree No.1196 for economic,industrial and technical cooperation with foreign juridical and physical persons[3/] and regulations for its application.[4/]

[1/] Published in State Gazette No.94 of 5/12/1969

2/Published in State Gazette No.16 of 24/2/1976

3/Published in State Gazette No.46 of 14/6/1974

4/ Published in State Gazette No.73 of 1974.

It is said therein that development of international economic,production and technical cooperation is encouraged in Bulgaria, for which purpose favourable planning,financial, credit, customs and other prerequisites and conditions are created.

According to the Regulations for application of the Decree the international economic and industrial cooperation is to be lasting and is realized through conclusion of long-term contracts between the competent economic organizations.

The international legal regulation of industrial cooperation is made on the basis of agreements and arrangements which are concluded both on an inter-state level and on the level of economic organizations. On an inter-state level contracts and agreements are concluded on behalf of different state authorities, on behalf of the government, of individual ministries or establishments. These contracts are regulated by international public law . The treaties for friendship and cooperation identify the main international principles and guidelines for development of mutual cooperation. Such principles are: respect of state sovereignty and territorial integrity,non-interference in internal affairs full equality of rights and mutual benefit, according the most-favoured-nation treatment.

In the intergovernmental and inter-establishment agreements and arrangements usually the parties undertake to render any assistance for the development of cooperation, the fields and the specific activities in which it will be realized are identified, the forms of this cooperation are indicated, the ways of payment, etc.

The protocols and other arrangements usually identify the specific projects and activities, subject to industrial cooperation, long-term programmes are agreed upon, as well as steps to be taken for organization of the cooperation, terms are fixed in which the competent economic organizations will conclude contracts for carrying out the cooperation. In such a way the state exercises through its authorities a planned control and supervision and takes part in organizing the international industrial cooperation.

Through the interstate agreements a whole range of questions related to planning, and of an foreign currency organizational, administrative and financial nature are resolved, which exceed the competence of the economic organizations and cannot be settled by them. In such a way a possibility is created for elimination of a number of difficulties, which may arise in carrying out this cooperation. The negotiations and the conclusion of inter-state agreements should be considered as one of the major possibilities for solving difficulties that may arise in industrial cooperation.

The conditions, under which international industrial cooperation will be carried out for each project or a kind of activity, are fixed in separate contracts, concluded between the competent economic organizations and the respective foreign trade enterprises. The Bulgarian legislation does not exluce the possibility for such contracts to be also concluded on behalf of separate ministries and establishments which in such cases act as subjects of civil law.

The agreements for industrial cooperation may form a separate group of the civil law, where in a complex way a wide range of questions are resolved, questions of production, technics,technology and foreign trade.The Decree on economic,industrial and technical cooperation and the Regulations for its application stipulate that the Agreement for industrial cooperation is a basic instrument for the realization of this cooperation. The regulations aim at a number of elements of such an Agreement, the Parties being provided complete contractual freedom as regards the contents of the agreement for arranging all terms and conditions of cooperation. The mechanism for preparation and conclusion of the agreements is stated . One of the typical elements of the agreement for industrial cooperation is its long-term nature.

For delivery of complete plants, rendering assistance and putting up industrial and other projects, for designing, sending experts or personnel training, respective contracts are concluded between the competent organizations. All these contracts have their specifics which require profound consideration and study.

Quite a few peculiarities could be found for example in the cases when the agreement for industrial cooperation covers a longer period of time and when the supplier of equipment, technology, production expertise, etc. not only undertakes the obligation for the delivery to be "product in hand", but is also committed to provide for the respective period of time functioning, production, marketing of product, supply, attending by experts, maintenance, etc. In industrial cooperation with the developing countries in such cases great problems and difficulties occur due to lack of enough skilled personnel, handicaps in technical servicing, maintenance, and in a number of cases in connection with the utilization of suitable raw materials or semi-finished products, by the availability of which alone may the efficiency and the expected capacity of an equipment or a plant be proved.These difficulties are to be overcome through negotiations.

A flexible mechanism is created in our country, which provides for prompt enforcement of the international agreements concluded by the PR of Bulgaria,either by ratification or approvement, associating, accepting, signing without followed-up ratification or approvement, as well as through exchange of notes.

The prompt enforcement of international trade agreements is of exclusive importance for their realization. In a number of developing countries, however, no such flexible treatment is provided as regards the enforcement of the concluded international agreements, which causes difficulties,in the activities of their physical and legal persons and companies in the conclusion of contracts with the Bulgarian economic organizations for the fulfilment of the commitments and possibilities, ensuing from them for industrial cooperation and trade relations.

One of the important points of this type of agreements as the foreign-trade agreements , is the question for determining the law to be applied. The legal order which regulates the contracts is fixed by each state through establishing respective legal norms either individually through its internal legislation or through one-sided sanctioninf of internal or international customs, either jointly with one or more counter-states along the way of international contract and sanctioning of internal or international habits, thus the norms which have cropped up become a part of the national system of each state which has established them.

The foreign trade nature of the agreement for economic, industrial and technical cooperation presupposes at least connection with the legislation of the parties of the contract, and in some cases - with the legislation of third countries as well.

The principle of autonomy of will dominates in the up-to-date doctrine and in the prevailing part of the legislations, when determining the legal order.

The principle for autonomy of will is adopted in Bulgarian legislation by Article 9, item 1 of the Law for liabilities and agreements, which reads: "The parties may determine freely the contents of the agreement in so far as it does not contradict the law, the state national development plan and the rules of the socialist community". This means that the Bulgarian foreign trade organizations, when concluding contracts with an international element, may work out freely, upon mutual consent with their partners, all stipulations of the contract which regulates their relations. As regards the pending questions they may come to an agreement to apply a foreign law or instead of working out mutual consent the contract clauses, they may subject this contract to the established international customs, or to one or several foreign laws.

The choice of the law to be applied for regulation of the rising, the validity and the discontinuance of the legal interrelations under contracts with international element, enjoys wide application in the practice of the Bulgarian foreign trade organizations. By taking advantage of the principle of autonomy of will, they may often choose to apply the law or legislation of other countries. The principle of autonomy of will however, is not an absolute one, it has certain restrictions. When the activity of this type of contracts is taking place in the PR of Bulgaria, the Bulgarian organizations, when formulating the clause on "applicable law", are due to identify as such only the Bulgarian law.

As an exception to this principle Article 4.2. provides that when the activity is taking place in another state, "the legislation stipulated in the contract should be applied". This exception should refer to the cases when, under this type of contracts, the Bulgarian organizations submit licences, documentations, provide technical assistance etc. to their partners abroad. This is natural, as no factual and legal consideration can justify a restriction of the free-will of the Bulgarian organizations when identifying the applicable law for activities, which, according to the contract should take place in a foreign country .

When concluding contracts for economic,industrial and technical cooperation which provide for activities to be carried out on the territory of Bulgaria, the Bulgarian organizations may agree freely the arbitration clause. This freedom proceeds from the provisions of item 3,Article 4 of the Decree, which says: "disputes between the parties are treated by a body determined by the contract".The freedom of will has got a full swing here, as it is natural for the parties to be able to agree on a neutral arbitration court which will objectively make decisions on their disputes.

Taking into account the above stated restrictions in the principle of autonomy of will of the Bulgarian foreign trade organizations as parties of the Agreements for economic,industrial and technical cooperation , only in the two cases quoted above (when the activities are performed in another state and when they agree upon an arbitration clause), may a valid law for their agreement be chosen: 1) the law of either of them 2) the law in force in the place where the transaction is concluded 3) the law where the property is, subject to the transaction 4) the law where the transaction is being executed 5) the law of the cessated arbitration court.

Bearing in mind these problems, the efforts made at the UN Economic Commission for Europe in working out a guide-book for concluding agreements for industrial cooperation, are very useful. The major importance of this guide-book is that it raises questions, subject to solution and settlement; the frameworks of their solution are outlined, taking into consideration the economic objectives and possibilities of the specific deals.However it would be more legally helpful for the parties and the organizations if, on the basis of this guide-book model, agreements for industrial cooperation are also enclosed .They should incorporate clauses which will solve questions raised before the management. It is natural that the parties are free to alter or to reject them, but in any case they will have a standard backgound which will reflect what is typical and prevailing in practice. Questions on which it is hard for the parties to agree, as for example : the law to be applied to the agreement, freeing from responsibility (force-major), guarantees, penalties, damages, spoiling, delay in payments (sanctions), way of payments, foreign currency clauses, changes in the prices,settling of disputes - court of arbitration, technical expertises,etc. may and should find a solution. It might also prove useful if standard agreement could be worked out for the different types of industrial cooperation, depending on this subject (or the prevailing one in the specific case). Principles, or contract (with the respective statute) could be elaborated for joint companies with a definite scope of activities - industrial cooperation, which is considered a more integrated form of industrial cooperation.

For the moment being the guide-book for working out of agreements for industrial cooperation is rather a treatment and interpretation of problems and not a normative or contractual material. The last could be much more useful to the development of the industrial cooperation.

The next step would be consideration of the possibility for working out a model-law to regulate the activities of the industrial cooperation. This would be an instrument to help the unified solution of the question which the parties will put into action if they wish to. This however could play a favourable role in channeling the relations. in this area and in providing equality of rights while settling the same.

It would be a proper step , when elaborating documents related to normative aspect of the problems of the industrial cooperation with the developing countries, to insure their participation which will enable their views and interests therein to be taken into consideration. The guide-book existing at present for agreement on industrial cooperation incorporates mostly the ideas and the interests of the highly advanced industrial countries which are contractors in the framework of industrial cooperation.

4.2. In connection with the difficulties in the industrial cooperation between Bulgaria and the developing countries one should bear in mind the fact that they are manifested mainly in two lines: One, in the period prior to involvement in industrial cooperation and the conclusion of the respective contract, and Two, related to the implementation of the contract. The nature of the difficulties belonging to the first category, connected with the conclusion of the contract, identifying the partners, the terms and conditions for industrial cooperation, subcontractors, supplying sources - from other countries, origin of equipment, licences, cooperation with other companies, etc), are settled mostly in the course of negotiations between the concerned organizations, not excepting the intervention and the assistance of the state authorities. Industrial cooperation engages great efforts and energy, incl. investments. It mobilizes more or less the economy of a given country, its resources and is supervised and controlled to a considerable extent by the authorities in charge of the economy of the country. This applies both to the "supplier" (contractor) party and the customer (purchaser) party. From this point of view the interest of the state and the state policy in this area is absolutely clear. Due to this there exists also a trend that the developing countries should transfer to a certain extent industrial cooperation as an activity in the field of inter-state and political relations and to give rise to certain involvement of the state authorities or governments themselves. This trend to surpass the frameworks of the private economic activities is an endeavour to counteract the natural affinity of the private monopolistic capital to exercise its predominance. Concerning the difficulties encountered during the implementation of the contracts and the ways for overcoming them;

they include mostly seeking ways for voluntarily arrangement of disputes in a peaceful way, two-way concessions and a just settlement of the interests of the two parties, referring to the court of arbitration only as a last resort.

Due to the fact that a substantial part of the agreements for economic,industrial and technical cooperation is connected with patent legislation of the developing countries (transfer of technology, patents, licences, etc), it should be stated that the national patent legislations in many of them do not assist the normal realization of this cooperation. Their patent legislation in general copies the principles of patent legislation of the advanced capitalist countries. This creates great difficulties for countries like Bulgaria.

In connection with the working,sales and utilization of new technologies, of substantial importance is the question for the legal form of safeguarding the inventions. Socialist legislation uses two forms of legal defence of inventions: the author's certificate and the patent. The author's certificate is a specific form of socialist legislation for defence of inventions and is widely used in the PR of Bulgaria, Mongolia,the Soviet Union, Czechoslovakia. It is used as a form of legal defence in Algeria as well.

The author's certificate is a document which acknowledges the proposal for invention, the authorship,the priority of the invention. It consolidates for the author the rights and privileges stipulated in the legislation and the exlusive right of the state on monopoly use and disposal of the invention. The author's certificate is a legal form for protection of inventions, it creates juridical monopoly only in favour of the state and in this way provides for the opportunity of regulating and controlling the utilization of the invention in the national economy. Socialist legislation, by certifying the rights and privileges of the author and the exclusive right of the state on the inventions in the author's certificate, combines personal with social interests and creates exclusively favourable conditions for the development of the creative power and for scientific and technical progress.

Another form which is used for legal defence of the inventions in the socialist countries is patent. This is a document which certifies acknowledgement of the suggested technical solution for invention, the copyright, the priority requirement for the invention and the exclusive monopoly right of its possessor upon the invention for a certain period of time. At present the patent exists in the socialist countries only due to reasons of international communications and development of business contacts with the non-socialist states, for which the patent is the only form of legal defence of inventions.

The author's certificate as a form of legal defence of inventions has not been incorporated in the national patent legislations of the developing countries. This substantially hampers the legal defence of inventions, extended in the process of industrial cooperation to persons and companies from the developing countries who employ the patent as unique form for defence of inventions.

given in some developing countries (Algeria, Nigeria, Malgash Republic, Libya, etc) . In future the objective is, that these activities be linked with the further development of industrial cooperatinn: for exploitation of discovered deposits, their industrial processing and even marketing. In this direction, along with the big increase of the possibilities of Bulgaria for such activities (technical and staff ones - the country has already established a specialized enterprise for activities abroad), more efforts are to be made by both sides. The developing countries have to apply in most cases an approach backed by the "conditions of priority" for such a cycle of consecutive activities of industrial cooperation, commencing with mining and geological surveys. No doubt that Bulgaria, having less territory and population, may participate in the execution of large-scale projects which have bigger economic importance for the developing countries, as a partner in the agreements on a multilateral basis - through the CMEA authorities.

All this suggests that the mining and geological prospecting activities of Bulgaria in future will have to be subject on a larger scale to intergovernmental agreements for industrial cooperation, and not usually up to now subject to agreements for scientific and technical cooperation with a limited scope.

5.5. The development and the intensification of

Through the patent, as a juridical monopoly on the invention, a possibility is created for its owner to eliminate all other persons from the utilization of the inventions and fencing the monopolized home market from foreign competition, to fix a monopoly price for the commodity and derive additional benefits from production. The patent offers a possibility to its owner to have industrial output by taking advantage of inventions, defended under state and legal order and to guarantee reimbursement of the means spent for research, designing and technological activities, as well as those for initial adoption of the technical novelties in production.

The stated functioning of the patent is almost completely adopted in the developing countries. The absence of other forms of legal defence of inventions, such as author's certificate, handicaps substantially the process of industrial, scientific and technical cooperation. The need of introducing amendments in the legislation of the developing countries and introducing the author's certificate as a form of legal defence of the inventions, which will facilitate industrial cooperation, is obvious.

In connection with the problems and difficulties faced in the legal area and the ways and means for their overcoming, it may be stated that they lie mostly in the lack of a special legislative mechanism of this activity in the developing countries. To some extent such a role is played by the laws related to foreign investments (those in basic industries).These laws are created in order to favour foreign capital investments, but their objective is mainly to

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the economic,and in particular of the industrial cooperation, objectively determines the mutual interest of Bulgaria and its third world partners , in taking advantage of the possibilities for mutual regulation of the industrial structure, and gradually attaining a certain structure of mutual complimentarity of the industrial and in general of the economic structures. Practically this means that a coordinated structural policy is to be pursued as regards the development of separate productions, branches, industrial complexes and the directly linked with them sectors of the national economy.

As regards mechanism, the pursuance of such a policy requires a considerable amount of coordination activities at macro- and micro-level, conclusion of long-term arrangements, elaboration of joint programs, schedules and trends of specialization and cooperation of production, coordination of capital investments, carrying out of joint investment programs, etc.

No doubt the basic means for material formation of the elements of some complimentarity of industrial structures is international specialization and cooperation of production. Industrial cooperation specifically and the assembly- and component specialization provide for technological and direct economic linked with it ties between the otherwise independent production processes in the separate countries.

The developed industrial, manufacturing,scientific and technical potential of Bulgaria,especially in the settle some economic questions which undoubtedly are major indispensable conditions for development of industrial cooperation. A special legal regulation of the agreements themselves is missing, however, and they are settled by the general civil and commercial law. In this respect the reply to the question is stated to a great extent under item 4.1. Taking into account that the law of the developing countries is not always well known in our country either (translations of their laws and juristprodence cannot be found in some of the European languages)

)ut this intensifies the need of introducing an unified law(standard agreements, model laws), which will introduce some uniformity and stability in the relations, resulting from the industrial cooperation. In this area the UN agencies could be of great help, including by rendering assistance to the Commission for International Trade Law (UNCITRAL),which should be asked to study the problems and to solve questions regarding the legalization of the industrial cooperation with the most appropriate legal means. The UN Economic Commission for Europe should also continue its activities in this respect. This is necessitated by the fact that the legislative systems of some of the developing countries do not yet have available legislative acts or the necessary legal experts who could settle these matters in the proper way.

Within the framework of a cooperation with the developing countries the experience and the knowledge of the more developed and advanced countries could be particularly useful for finding solutions of the pending questions.

5. NEW APPROACHES, FORMS AND METHODS IN THE FIELD OF INDUSTRIAL COOPERATION

5.1. The accumulated experience, the changes of the conditions and the necessity for raising the efficiency of the industrial cooperation outline, on one hand, the existing problems in this area and, on the other, the basic directions in which further improvement and development of the mechanism, the forms and the approaches is to be sought, in the realization of intensive industrial cooperation between Bulgaria and the developing countries.

There is no doubt that in attaining new development of the industrial cooperation, in qualitative and quantitative aspect, by applying new approaches and forms, it is extremely important to maintain a higher quality of the interrelations between the parties, from a view point of lasting, steady, long-term and planned relations, expanding the practice of plan coordination, elaboration and realization of complex programs on a bi- and multilateral basis. The development of this process requires most of all intensification of planning and coordination activities at a macro- level between the central and the planning authorities. Practice definitely proves that under this condition the system of interrelations at the level of ministries, establishments, economic organizations and enterprises, through which the undertakings of the cooperation are realized, also acquires a lasting, long-term, steady and planned character. This, in its turn, predetermines to a great extent, the possibilities for realization of a purposeful, large-scale and mutually beneficial industrial cooperation, efficiently servicing the industrialization programmes of the developing countries.

Which of the existing ones and what new forms and means are to be developed and applied with a view to intensify ever more the long-term nature, stability and planned character of the industrial cooperation with the developing countries?

One, it is necessary that the practice of concluding long-term agreements for 10-15 years at a government level for trade, economic and industrial cooperation be expanded substantially. The nature of the cooperation at the present stage and in future necessitates the extension of some productions and the creation of new ones in the socialist countries, particularly in Bulgaria, with a view to attending the requirements of the developing countries in realization of their industrialization programs, as well as for processing the imported production,etc. This, together with the participation in the realization of joint projects, setting up of joint companies, marketing in third countries, development of industrial cooperation, etc., forms long-lasting, steady economic relations, to the successful development of which the long-term inter-state agreements contribute. These agreements favour the expansion of cooperation between the planning authorities, which in its turn facilitates the elaboration of mutually beneficial projects, long-term programs and the development of a broad industrial cooperation between the economic organisations and enterprises of the countries.

Two, the mutual benefit from intensifying the

Syria. Similar specialization on an inter-branch basis (assistance for expansion of mining, floatation and agglomeration of phosphates in Tunisia and Syria and increasing of their deliveries to Bulgaria for the fertilizer production in our country and respectively exports of certain fertilizer quantities to these countries) forms horizontal relations of structural interaction and contains elements of coordinated regulation of industrial structure;

- development of certain specialization on the basis of equipment and technology delivered by Bulgaria and rendering technical assistance for organizing the production. For example, the tanning factories delivered from Bulgaria to a number of developing countries contribute to their long-term specialization in the production of a certain type of leather, which meet a part of our country's demands;
- shifting certain production capacities which may stimulate the development of itemized specialization between the two groups of countries and between the developing countries themselves.

The dynamic development of industry imposes discontinuation of some productions and their substitution with others, meeting higher requirements of the national economy at the current stage. The different stage of economic and technical development of Bulgaria and the developing countries enables some of these productions planned nature of the relations suggests the reasonable point in the establishment of joint planning-consultative committees as auxiliary bodies to the intergovernmental joint commission for economic, scientific and technical cooperation. The work of similar authorities may offer considerable effect from a point of view of placing the cooperation upon a long-term planned basis .

In our opinion it is worth mentioning the possibility for taking advantage of some elements of the practice of the CMEA member-states in the field of joint planning activities. Realistic possibilities in this respect appear within the framework of multilateral cooperation of the type that countries as Iraq and Mexico have with the CMEA-member-states. In the course of this cooperation prerequisites arise for the participation of these countries in a number of events and activities of the long-term programs for cooperation in the major branches of material production, elaborated at present in CMEA.

Three, a prospective instrument for organizing efficiently a large-scale, complex industrial cooperation on a long-term and planned basis is the working out of complex and goal-oriented programs, agreed guidelines or basic trends.

Naturally the application of the program approach in industrial cooperation on a larger scale presupposes availability of a substantially developed state sector or a state control over the economy of the developing countries, larger scale and long-term nature of the industrial cooperatio A complex or large-scale goal oriented program, for example, would in most cases affect the basic sectors of the economy

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to be transferred to the developing countries wherever there exist conditions for an efficient organization of these productions. Bulgaria considers these possibilities and their utilization as one of the instruments for realization of the policy aimed at redistribution of industrial potential on a world scale in favour of the developing countries. This policy proceeds entirely from the requirements of the conception for establishment of a new economic order and attainment of substantial alteration in the structure and participation of the developing countries in the international division of labour.

The principle support of this policy by Bulgaria is accompanied also by a number of specific steps for its materialization. Along with this we have to mention that under the conditions of continuing fulfilment of our industrialization programs and formation of the structure of the national industrial complex, materialization of similar projects for structural reorganization requires long-term coordinated efforts and profound preparatory work. At the present stage the respective institutions and some economic organizations in our country study the possibilities in this domain, the specific forms and the eventual partners for contractual re-orientation of some of our production units in the developing countries on the basis of long-term specialization and cooperation.

The production of universal metal-cutting machines which are in great demand in all developing countries, of these countries. It requires mobilization of large amounts of means - external and internal, thus giving rise to substantial commitments towards the partner-country. For Bulgaria the participation in the implementation of such a program would be reflected in a number of balances and in the production programs of a good number of branches, providing its material and technical securing or processing the output of the newly-built production units in the partner-country , imported as compensation.

In the cooperation practice of Bulgaria with the developing countries, one of these forms is being used already - working out coordinated guidelines for further development of the economic,scientific and technical cooperation. Such a document was signed between Bulgaria and Libya for the period 1978-1985. These guidelines stipulate investigation, negotiating and constructing of 19 projects ir the field of agriculture and hydromelioration, 7 projects in the field of industry, 8-projects- in designing and construction, 3 projects in transport, a number of undertakings for development of scientific and technical cooperation, incl. such as will service the realization of the above-stated projects As far as the industrial sphere is concerned, an agreement is reached for eventual delivery of a number of plants "on a turn-key basis". There is a provision for the establishment of a special commission to study and suggest cooperation while settling a number of questions for the development of Libyan transportation. The guidelines state that the scientific and technical assistance to Libya should increase by sending additionally more than 2,000 experts for the different branches of economy.

The above-mentioned complex trends of economic cooperation between the two countries enable the ministries and the economic organizations to start investigations, working and shaping the specific arrangements.

The long-term nature of the lines agreed upon offers a possibility for coordinating the separate undertakings, so that the necessary investments and material resources be earmarked in the plans. In this case the long-term nature of the mutually agreed upon guidelines do serve to enhance the elements of planning and complexity in the development of the cooperation between the two countries. There is an important question for the future - that an efficient system of bilateral guaranteeing the realization of similar long-term efforts be elaborated.

Similar documents for economic and industrial cooperation are signed also with Turkey and Syria, while preparatory work is going and in the near future will be signed with Iraq, Algeria, Greece and with other developing countries.

One promising form are the programs, worked out and agreed upon at the level of ministries, establishments and economic organizations, having long-term nature and covering a separate production branch. Such a document for example is the agreement between Bulgaria and Iran for cooperation in the field of petrochemistry, with a term of 15 years.

5.2. The new approach and the expansion of the industrial cooperation also require improvement of the organizational forms. Practice proves that in this respect joint ventures may be especially convenient and efficient under certain circumstances. Joint industrial production projects can be materialized through them in a most efficient way in branches such as: construction, delivery and assembly of machinery and equipment, providing the necessary financing, technical and technological guaranteeing, general organization and mangement of production, up to marketing, handling and transportation of output, etc. The main point is that under the conditions of the joint(or mixed) enterprises, the "condition of priority;" is insured in a most suitable and flexible way, by which such international activities (under the so called "intergovernmental encouraging agreements") should be used obligatory. In this way the interest and the control of the partners is provided in a very firm way, their will and aimed objectives are currently coordinated, the necessary current changes in the preliminary drafts are tackled in a business-like way, in compliance with the recently introduced technical and technological improvements, market requirements, etc. which are most promptly and efficiently agreed upon and reflected in the general plans for economic development of the respective states. The last one gives maximum guarantee to the long-term and planned nature of the cooperation. This indicates that the joint enterprises (joint companies) under certain conditions may be one of the most suitable future organizational forms for realizing such progressive lines of the industrial cooperation as production cooperation and specialization. Besides, they prove to be an efficient form of assistance to the developing countries in the field of securing at high level (with staff and experience) of managerial and organizational needs and operations in the newly established industrial enterprises.

The experience of Bulgaria so far in the field of establishing joint production units has encountered considerable difficulties. The latter, however, are most often of a subjective nature: insufficient in respect of details investigation and insufficiently provided preliminary conditions for the realization and functioning of the project. The existing legal regime in some developing countries also gives rise to certain difficulties for the establishment and running of such enterprises.

The advantages of these enterprises are most often great enough to provoke greater efforts and care on part of the interested partners for the future and respectively to overcome the reserve and diffidence still existing at present towards this form of industrial cooperation. We would like to mention that in some other spheres of interrelations (designing, construction, insurance,transport and especially - trade) , which are a part of production and are functioning for themselves, there exists already certain experience (this in some Arab countries, Nigeria, India, Iran, etc) which contain positive economic results. Such results may come forth in a most efficient and in a long-term way in the sphere of production - through carrying out international industrial cooperation and specialization; for this the establishment of such enterprises is one of the promising possibilities for intensification of the industrial cooperation of Bulgaria with some of the developing countries.

5.3. Construction of transport infrastructure is an important sector in the general policy of industrialization and speedy development of the economy as a whole. In solving the questions in this domain the developing countries require diversified assistance - e.g. in designing and construction of equipment, training of staff to run them, etc.

This sphere offers broad possibilities for joint activities of economic organizations and enterprises of Bulgaria and the developing countries; here cooperation could be organized in a complex way and third countries may participate to contribute to given work.

An especially suitable form for large-scale activities in this respect are the engineering organizations.

Bulgaria has experience, staff and institutes available, which enable it to investigate, design and undertake the construction of more substantial projects of transport infrastructure. Our experience abroad in this field may be mobilized and utilized through establishment of joint engineering organizations . Within the frameworks of these organizations a maximum utilization could be arranged on a cooperated basis of the productive and technical potential of the respective partner-country in the joint company for engineering activities.

In order to provide the activities of the organization and the increasing participation of our partner, Bulgaria could undertake commitments such as: to provide highly-skilled dipl. engineers and designers with tich experience, incl. civil construction abroad; to receive for education and post-graduate training dipl. engineers and technicians with a view to guarantee the increasing participation of the partner-country from the very first years of the organization activities; to place at the disposal of the organization the whole national engineering, staff, material, technical, scientific potential of the country in the sphere of transport infrastructure, for carrying out experiments, researches, etc. which may enable the organization to have available, at comparatively low expenses, a rather rich fund of information, experience and solution patterns; to educate in Bulgaria managerial and executive staff for the projects, established by the joint organization, to render assistance by delivery of machinery, equipment, technology and so on, for the requirements of the projects under construction; to help the partner-country through technical assistance, providing technology, etc. in the development of production capacities for building materials, for establishing technical stations .

The joint engineering company could concentrate its efforts on realization of a wide range of projects of the transport infrastructure: building new and reconstruction of old railways, electrification and introducing of safety equipment, construction of waiting rooms, cargo-handling premises, offices, port buildings and their equipment, elaboration of designs for new ports and reconstruction of the existing ones, building of channels, platform production, lighters, barges, wharf cranes, dry-cargo-vessels,liners,bulk vessels 1500 - 38000 t., motor and gantry cranes, electric hoists, electric and motor forklifts, designing of airport complexes and their construction, auto-service stations and auto repair workshops.

It is necessary to emphasize particularly the significance of the results of the engineering firm activities for establishing and development of production, technical and staff potential in a given area of the partner-country and its growing participation in realization of different projects. In a number of cases when the partner-country has available funds for rendering financial assistance to the other developing countries, the engineering company is a suitable form for strengthening the role of these countries in the utilization of the extended financial assistance with a view to guaranteeing a possible higher socio-economic effect.

This last moment should be considered also in the context of the program for TKRS[1] as one of the possible forms for practical development of the relations of technical cooperation and assistance between the developing countries with participation of countries outside this group, for the purpose of using their industrial and technical potential and experience as a basis.

5.4. The necessary conditions for carrying out mining, geological prospecting and other similar activities on the part of Bulgaria in the developing countries are at hand and there is a tendency for them to become a basic and independent form of building their industrial basis.

Discovery of new natural resources (underground, overground, water,etc) as well known, is an important prerequisite for attaining both a higher trend of industrialization of the developing countries, and of its branch diversification and substantially more independent development (from old and newly established neocolonial relations). This activity has in itself a high value in the field of technical assistance which the socialist states incl. Bulgaria render to their partners (staff, equipment, organization of research work, unconditionally submitting the discovered new resources, under the control of the local state,etc) Due to precisely these considerations the initial impetus to Bulgarian activities in this respect has been production branches, where the country is specialized within the CMEA framework and thanks to this ranks in the group of the largest world producers and exporters), and on the other hand the successful construction , and in some developing countries the already established substantial industrial sector, enable the mutually beneficial realization of different projects for specialization and cooperation between enterprises and economic organizations of Bulgaria and the developing countries. Having in mind the potentialities and the requirements, what has been done so far in this area should be considered only as a start.

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[1] TKRS - technical cooperation of the developing countries

It is superfluous to prove the significance of industrial cooperation and specialization in modern economy, in the development of the economic,industrial, technological ,scientific and technical relations between countries. The practice both of the capitalist and of the socialist countries clearly demonstrates this form of international division of labour as one of the basic and most prospective trends of its development, containing potentially the greatest possibilities for raising its efficiency.

It is worth mentioning the long and ample experience accumulated by Bulgaria in international specialization and cooperation of production in its relations with the CMEA-member states. The fact that in Bulgaria's machinebuilding exports, having in the last 15 years some 22% average annual growth rate, by now 35-40% of the export to the CMEA-market is specialized and cooperated. The share of this production marks a steady trend of rapid increase. It must be emphasized that this production is the main contributor to our export of machinery and equipment to the markets outside CMEA as well.

Now and in future Bulgaria may render ever growing assistance to the development of the processes of specialization and cooperation with the developing countries in the following lines:

- rendering of technical and economic assistance and help for the further development of the inter-branch specialization with a view to maximum utilization of the possibilities of the traditional export branches and sectors in the economy, having higher technical and technological level and productivity of labour, due to which they keep on being (and for long time they will continue to be) basic "foreign-currency workshops" for the respective developing countries. Bulgaria has got considerable experience in this respect and a typical example of this practice is the long-term agreement with Tunisia (accorded credit worth 35 mln. dollars for mining rock phosphates, geological prospecting, designing activities for delivery of equipment and construction of a pit and concentrator; repayment of the credit and payment of the technical services by delivery of phosphates). Analogic agreement exists between Bulgaria and should be shifted to some of them - first by assembling them, later by starting the complete production cycle (with delivery of equipment, documentation, rendering technical assistance, staff training,etc.) . Instead our country may expand the production of aggregate metal-cutting machines with automatic control and programming devices.There is an actual possibility for such kind of cooperation with Tanzania on the grounds of the arrangement of putting up a machine-tool plant there and organizing a vocational technical school for training the required staff.

Another possibility is connected with the fact that Bulgaria already imports considerable quantities of cotton and cotton yarns from the developing countries. On this basis some cooperation could take place with the cotton producing countries. It is possible for example that Bulgaria should provide cotton plantations with pest-control aviation which will fertilize them as well, deliver equipment for primary cotton processing ,train the necessary skilled staff for the factory , provide the investment control and supervision and will purchase for a long period of time in future the produced yarns, according to specification. This will enable the partner to gradually establish his textile industry so that at a later stage the bilateral cooperation should cover other production as well, such as delivery of raw fabrics or definite types of fabrics.

The delivery of electric motor factories is possible for the countries which have copper deposits available and produce copper and cables. Besides the delivery and the assembly of the factories, it is possible for staff training to be arranged, technology to be given for production of certain types of el. motors. A part of the output of these types of el. motors will be purchases from Bulgaria, and at the same time the demands of the partner in the remaining types of electric motors will be met with imports from Bulgaria. Such an el. motor plant was delivered to Syria by Bulgaria and the possibilities for industrial cooperation and specialization in this area are under consideration.

Tobacco production and canning industry also offer possibilities for cooperation in the area subject to deliberation. In return of technology, selected seeds, processing technics, processing factories, providing experts and staff training, our country could get processed tobacco, juices and citrus and tropical fruits, fresh and canned.

Unlike the views of a number of western economists, who reduce the total policy of structural reconstruction of the economy of the developing countries to steps of this kind, we consider similar steps as a necessary,but secondary moment in the realization of the strategy for development of the industrial structure of the economy of the third world countries;

- establishing cooperated productions of the basis of the development of specialization by items and *aggregates*.Bulgaria aims in these rare cases to render a complex technical assistance in organizing the specialization: providing the necessary technology and design drawings, sending skilled experts, delivery of the whole or a part of the technical equipment, technical assistance for adopting the production of the agreed components and eventually the assembly of a part or the whole of the finished product. The experience of Bulgaria up to now (industrial cooperation in production of electric and motor forklifts between "Balkancarimpex" and Iranian companies, of universal lathes and drilling machines between "Machinoexport" and the respective Turkish and Greek companies, of light-duty tractors - between economic organizations of Bulgaria and India,etc) in this area prove the prospects for the industrial cooperation to become an efficient instrument for organizing new industrial productions and diversification of the industrial structure and exports of the developing countries, for ensuring a higher technical level and general speeding of the technical progress due to employing the scientific and technical potential of the partner within the frameworks of the cooperation, for achieving wider serial production, reducing the production costs and raising the efficiency.What is more, the scientific and technical cooperation which accompanies the industrial cooperation between our organizations and enterprises and th those of the developing states favours the organizing of scientific and technical stations for applied research and design elaborations in the field of cooperated production. All this pertains directly to the necessity and the possibility of using external factors for the fulfilment of the program for technical cooperation of the developing countries as well (TKRS).

In its nature the specialization and cooperation require steady long-term relations and assist in this way in raising the general level of industrial cooperation, taking into account the long-term aspect and the reliability of relations between the partners.

In view of the significance and the prospects of this form of industrial cooperation, the intergovernmental agreements for economic cooperation have to contain encouraging clauses and privileges for the development of specialization and cooperation relations between the economic organizations and the enterprises of Bulgaria and the developing countries. Obviously the efforts and the proposals of our country will not suffice in this respect. Our partners also have to come up with preferences, which are to be guaranteed as well. Probably it will be advisable that international organizations like UNIDO should elaborate and formulate recommendations and other steps in this area.

In the field of imports of industrial articles from the developing countries Bulgaria will continue to create unilateral privileges and other facilities and preferences to her partners (import duties, other charges and financial conditions, etc.) Obviously one thing determining the future expansion of imports will be the further development of industrialization, the branch structure of the established new industry, the quality of the output, etc.

The favourable trends occuring recently in this line open up substantial future possibilities. In this connection some solutions are to be found also to the point of mutual regulation and supplementation of the industrial structure of Bulgaria and some of her basic partners from the developing countries. We mean replacement of the traditional imports of Bulgaria for example cotton by cotton industrial articles, substitution of leather for footware and other leather articles, rubber - for tyres and tubes,crude oil - for oil products, etc. On this basis, the mutual efficiency could improve significantly, on one hand, and on the other, considerable assistance can be rendered to the developing countries in the field of their industrialization under a more independent from the capitalist markets and monopolies industrial development.

The complexity of the problem results from the fact that Bulgaria being a socialist state, the reorganization of the production capacities has to be insured on a planned and long-term basis (this sort economic activities should not have sporadic,conjuncture nature,etc)

5.6. In Bulgaria there is comparatively limited experience in the utilization of the forms of tri-partite industrial cooperation with the developing countries.

It indicates, however, that such an approach under certain circumstances has a number of advantages.

The investigations carried out recently by our organizations outline certain possibilities for carrying out similar tri-partite cooperation in a few variants.

In some cases our partner in materialization of some activities or in setting up a given project may be an economic organization from a CMEA member-state,which facilitates the solution of a number of financial, organizational and technical points. The practice of joint mining, prospecting in Algeria effected by Bulgarian and Soviet organizations is a testimony to this effect.

In other cases joint engineering companies could b be established with a given developing country to set up projects in third countries (also developing ones). Bulgaria can get involved in designing, technical servicing and delivery of equipment for the project, and the partner-country might participate in the production and technical realization of the project in compliance with its possibilities; it may provide either partial or complete financing of the project. Similar variants may be discussed between the respective authorities of Bulgaria and some countries which have free foreign currency funds available from coffee exports.

In third cases , a company from the industrially advanced capitalist countries may be attracted as a main partner in the technical supply of the project (equipment, technical assistance), while Bulgaria will provide the civil and assembly works plus the delivery of some equipment. This form is particularly suitable in the cases when the country where the project will be set up, have free means for its financing available. Bulgaria has already made concrete proposals to some countries for using this form of tripartite industrial cooperation.

5.7. One of the important and especially developed forms of scientific and technical cooperation of Bulgaria with the developing countries is sending experts to work abroad in these countries and training staff in the system of the higher, vocational and other educational institutes in Bulgaria.

The competent authorities in our country take care for raising the professional skill of the Bulgarian experts to work under the conditions of the developing countries (mostly in the sphere of industry and infrastructure). The official assessment for their work given by the government authorities and international organizations, are very favourable ones.

To improve the work in this line and to link it more closely with the industrial cooperation, we find advisable that:

- the number of experts directly involved in projects under contracts for industrial cooperation should be increased (at present more than 60% of the Bulgarian experts work under contracts for scientific and technical cooperation);

- possibilities be created (this depends mainly on the developing countries themselves), the number of experts, performing not executive functions, but functions of experts, etc. at different levels in attending the industrialization processes and the connected with it industrial cooperation between Bulgaria and the respective country, to be increased. Besides, in some international organizations which recruit groups and other experts to serve the industrial development of the developing countries, it is desirable conditions to be created for employing professional staff from the socialist countries incl. Bulgaria, comparatively equal to that one from the western countries.

5.8. Bulgaria trains citizens from the developing countries at its higher educational institutes for two decades. To this end a specialized Institute for foreign students "G.A.Nasser" has been established. About 10,000 young people from about 50 developing countries have already graduated the Bulgarian universities (most of them on state scholarships granted to them by the Bulgarian government).

Taking into account the industrial development of the developing country, up to 60% of the graduates and the university students at present get a speciality enabling them directly to participate in the industrial development of their countries. In future one could anticipate a further growth of the students quantity in the higher economic educational institutions so that they will graduate specialities on managing, organization and planning of the industrialization processes and the activities of some industrial units.

In this connection we should mention that Bulgaria's efforts to admit young people possessing the required qualification and education for a university course are to be treated with greater concern on part of the authorities of the developing countries engaged with the implementation of the clauses of the Agreement for cultural cooperation.

Recently Bulgaria substantially rationalized its policy in this area - during the last few years it increased the places for education of citizens from the developing countries not only at universities, but in other Bulgarian educational establishments as well - vocational schools, colleges, etc. by which the developing countries are insured with staff needed by them at present. The significance of the organized training courses for workers is a similar one - they are taking place at the Bulgarian plants and factories, emphasis laid mostly on practice. This has been adopted in the last few years on a wider scale (one-year, six months', three-months', and one-month courses) depending on the individual types of production and on the developing country. In our opinion, this trend should be intensified, as the developing countries, by implementing their industrialization programs, for a certain period of time will have extensive demand for skilled staff performing production operations.

Since the beginning of the 70-ies Bulgaria organizes on a large-scale basis short-term post-graduate courses (emphasis being laid on practice), as well as post-graduate qualification.

The experience of some socialist states and mostly of the Soviet Union, as well as some of the still rather limited initiatives of Bulgaria indicate that professional training of staff could take place in the developing countries which will be not less effective and much less expensive. The Bulgarian trade-unions have sponsored such courses (for example in the food-processing industry) in the last years in Syria, Iraq, PR Congo, Benin and other countries. We extend our wish in this case that the readiness of Bulgaria for launching more activities in this domain should be respectively assisted by some international organizations incl.UNIDO in the organization, propaganda-making, financing and preparation of the necessary conditions for similar few months' courses on the spot. It is natural that these activities will supplement the agreements concluded by Bulgaria for organizing systems for general education (PR Congo), for establishing special educational institutions (units)- for example the first one for Mali and for whole West Africa (a technical school), as well as the contractual and voluntarily efforts by the Bulgarian experts and enterprises in order to improve the skill of the local staff that works at Bulgarian or joint projects- most often on a free basis. This is one expression of the selfless and sincere aid Bulgaria is extending to the developing countries. This aid in the sphere of staff qualification has lasting and reproducing effects which obviously go far beyond the original value of the services rendered.

5.9. One encounters more often cases when the developing countries take in an organized way advantage of the Bulgaria's expertise in the field of its industrial development through consultations, colloquims, seminars, business meetings, etc. (in different aspects: planning, financing, labour organization, management principles, etc.) Obviously this could be arranged only upon request and on the initiative of the developing countries or international organizations . The consultations held under the aegis of UNIDO up to now , no doubt have brought about ᵃcertain positive effect. This practice is to be further promoted and expanded in future. Probably the consultations held on certain aspects of industrialization or within the frameworks of the development problems of a certain branch, have more substantial importance and significance (without excepting the idea of sharing Bulgaria's expertise from the global realization of its socialist industrialization). Undoubtedly the high level of similar consultative meetings (ministerial and others of this kind) is of particular importance for the pursuance of proper global state policy on part of the developing countries, and along with that for creating suitable occasions for conclusion of more efficient and reasonable intergovernmental agreements between Bulgaria and some developing countries. In order to attain a more effective and business-like approach at the meetings, as well as to arrive at a utilization of the specific effect from the exchange of experience and opinions ,such meetings must take place more often at "managerial" and"expert" level. The future efforts of UNIDO to this end will receive all-round assistance from the government and the other concerned economic and scientific organizations and institutions in Bulgaria, for the most efficient and fruitful organization of similar meetings.

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6. ESTIMATION OF MUTUAL ADVANTAGE AND EFFICIENCY

6.1. The evaluation of efficiency in the various forms of foreign economic relations and of industrial cooperation in particular is connected with a number of difficulties and conventionalities. The main reason for that is the imperfection of the mechanism for calculating the costs and effects. As far as cooperation between the socialist and the developing countries is concerned, to the common difficulties in the assessment of efficiency are added those, caused by the difference in the systems of evaluation in the two groups of countries. For this reason, when attempting to estimate the efficiency of certain activities in the field of industrial cooperation, sometimes, as practice indicates, there may arise situations where mutual benefit is insufficiently proved, mainly due to the differences in approach and criteria applied in estimating the efficiency. Under the prevailing socio-economic and organizational-institutional structures this is inevitable. These differences have strong influence upon the possibility of obtaining consistent evaluations. The substitution of the economy-wide macro approach with the approach of the individual firm is a typical example of differences in the system of evaluation(in many cases a firm in the developing countries is private capitalist property and it works with quite different criteria for efficiency estimation).

The objective conditions, incl. the reasons for cooperation, make it necessary for each Party to estimate the eventual efficiency in its participation in different alternative of the anticipated industrial cooperation, from its point of view, by using methods for efficient evaluation, adopted in the country.Obviously the scope of the effect for the socialist country will be subject to the negative influence of the pronounced by beneficial conditions for the developing country, under which the industrial cooperation is taking place (crediting conditions, scientific and technical assistance, offering favourable prices to imports of industrial articles from the developing countries, which have lower technical level, etc.)This circumstance expresses directly the nature of the cooperation between the socialist and the developing countries and additionally explains how unreasonable it is to seek and estimate efficiency totally for the participants in a given project, in order to choose a variant of a decision which maximizes the total effect of these activities. Such a requirement inevitably contradicts a number of the basic motives of the industrial cooperation with the developing countries - especially in connection with the long-term interests for construction of advanced industrial structure of their national economies.

It should be emphasized that within the frameworks of CMEA there is likewise no practice yet that efficiency of the variants of integration activities be estimated from the standpoints of the common interests of the community, so that optimum solutions be sought on this basis. The participating parties estimate the efficiency and determine their interest to participate in given projects,each proceeding from its own standpoint (which is influenced by the economic level, export structure, the sought objectives and the considerations of the long-term economic policy,etc). The total amount of the identified national benefits may be used with a view to finding the most reasonable variant for participation of the sides.With this approach the optimum variant is attained not through maximizing the total effect from the point of view of the community as a unity, but on the basis of combining the national with the common economic interests. This means that the obtained optimum in such a way is some approximation to the abstact-theoretical possible one, which has the property of being applicable in practice.

It is obvious that in future along with the development of the integration processes among the CMEA-member states and the improvement of the economic mechanism, the significande of the evaluation of efficiency from point of view of the interests of the community as a whole will increase as one of the main instruments for elaboration and pursuance of coordinated structural policy, for providing an optimum, highly efficient development of the national economies.It is clear that the method which is going to be developed for the estimations of efficiency from similar standpoints could also be used under proper conditions in the relations with third countries- outside CMEA.

6.2. The main prerequisite for building up mutuelly beneficial economic cooperation between the socialist countries is the regularity inherent to socialism , of forming equal rights and mutually advantageous economic relations in the international economic sphere. This results, in a guaranteed mutual advantage by the very nature of relations which the socialist countries establish with third countries. This nature of the relations and the growth of their relative weight in the world economic relations determine their significant role as one of the basic factors for consolidation of the tendencies towards formation of a new type of international economic relations.This entirely corresponds to the interests of the developing countries. Because of the fact that the basic economic interests of the socialist and of the developing countries coincide,strengthening of the mutually beneficial cooperation among them intensifies its importance as a factor for making their economic development more dynamic and raising the efficiency, as well as for overcoming the old unequitable international division of labour.

The fact that the cooperation with the socialist countries works continuously, steadily and with increasing effect for realization of strategy of the economic development of the developing countries, could be considered as an indicator for its general efficiency and advantage for the developing countries. A determining component in the industrial cooperation of the socialist states with this group of countries is the active assistance for bringing their policy of industrialization into reality, of diversification of the export structure, of expanding the participation in the international division of labour and raising the efficiency from this participation.

6.3. The two-way advantage, being an indispensable background for establishing steady and lasting relations between the countries,may be considered in the two following aspects:

The first aspect mainly concerns the structural and qualitative side of influencing the economic,particularly the industrial cooperation, for implementation of the economic plans of the country, and the applied criterion should be the extent of involving the targets of the current and long-term economic policy through such cooperation; The second aspect is mostly connected with the economizing effect provided by this cooperation while solving the complex of economic and social objectives. This leads to the conclusion that mutual benefit is to be considered in a broader aspect than efficiency. The efficiency is a main component of the notion mutual benefit. This requires also the respective estimation of the efficiency (like the mutual benefit, not only with direct indicators, but with indirect ones as well, which measure "the effect" on a macroeconomic scale). Of exclusive importance is the fact tha that in too many cases the economic cooperation is the single possible variant for solving the problems encountered by a given country. The practically important point for similar situations is that the most suitable variant of using the foreign economic relations should be adopted. The methods of evaluation of the comparative efficiency is, generally speaking , well elaborated and no particular problems exist in this respect.

In a country with a low level of production, economy and technology , and with a comparatively limited home market, the variants for meeting the requirements through imports usually compete well with the arrangement for local production. The obtained hypothetical economizing effect as a difference between the possible own expenses (which in most cases are not possible to measure)and the real expenses (those related to the export goods), almost always back with arguments the advantage of the variants for solving the problems through imports and may thus disencourage the processes of industrialization. In this case we set aside the point for providing export resources to cover these imports , a point of paramount importance for many countries,because of the rapid growth of the import requirements.Evidently,the immediate efficiency of the specific activity or complex of operations is an inadequate criterion for making rational decisions. The economic benefit should be considered thoroughly, comprehensively and on a long-term basis,in all its aspects, which enables taking into account the effects of a second, third,etc plan, to have in mind the especially important long-term structural influences upon building, dynamics and total efficiency of the national economy.All this supports the necessity within the criteria system for estimation of the socio-economic benefit from industrial cooperation for the developing countries, the fulfilment of the objectives and the considerations of the long-term economic strategy of the countries under the influence of this cooperation, to be used as gross criterion.

6.4. The realization of the principle possibility for development of mutually advantageous industrial cooperation presumes taking advantage of an efficient mechanism to establish the mutual benefit, to determine the efficiency of the intended activities and to prepare decisions that reflect the interests of the partners.

From this point of view of particular significance are two basic structural components in the mechanism, pertaining respectively to the organizational-institutional system and the economic instruments. The specific mechanism for outlining and identifying the fields for industrial cooperation, which are of interest, to carry out the necessary surveys and calculations for determining the feasibility of the designed projects with a view to prepare taking mutually beneficial decisions, has been tackled and worked satisfactorily on our side and creates no problems.

The decisions and the general arrangements of the intergovernmental commissions (committees) are the background for working out and concluding agreements and contracts by different institutional and organizational units of industry such as ministries, associations, production units. At that level the respective investigations and calculations are made, aiming at identifying the conditions which may be offered for mutual benefit, taking into account to the maximum extent possible the possibilities and the wishes of the partner.

Each activity and the conditions for its implementation are estimated from the point of view of the national economy. The great advantage of this approach is that the criterion for evaluation of the economic benefit in this case are not the interests of the individual economic unit, but of the national economy as a whole, and not only the current ones, but the lasting interests. This approach towards the evaluation of the industrial and in general of the economic cooperation is adequate for conditions and objectives, typical for the developing countries. The approach, from the stand-point of the production unit takes into account only and mainly the immediate effect and does not take into consideration the indirect, supplementary, structural and other effects, many of which cannot be directly quantitatively measured, but due to their great importance to the national economy, they represent substantial components of the total benefit.

The intergovernmental commission and the working groups established to them for research and preparation of the decisions, are something like "the top floor" in the organizational and institutional system of the mechanism. Through the work of these commissions for identifying the areas ,directions and projects of industrial cooperation, in which the partners show interest, a substantial part of the requirements of the criteria for economic efficiency are applied, pertaining to the realization of industrial cooperation, which promotes to the utmost the pursuit of the economic strategy of the developing countries. The experience accumulated so far from their activities supports the conclusion that this element of the mechanism is efficiently operating.

Problems arise at the lower levels of this system, where specific conditions of cooperation are agreed upon. Among the reasons for this we shall mention the following: the differences in the approach while evaluating the effects (from the positions of the national economy or the individual enterprise); unacquaintance with the mechanism of our system and foreign economic relations and the hesitation and fear ensuing from this when elaborating the agreement; the differences in the legal, foreign exchange and financial regime, which affect strongly the activities of the joint companies; the lack of planning in the economy of one of the partners limits the scale of work, the complexity and the long-term nature of the eventual decisions.

As far as the economic instruments of the mechanism are concerned, of primary importance for attaining mutually advantageous industrial cooperation are foreign trade prices, credit and crediting conditions, delivery terms for goods and equipment ,customs duties, preferential conditions, etc.Practice indicates that all these instruments are used in a way, which promotes the fulfilment of the objectives of this cooperation, first of all on part of the interests of the developing countries.In the price, credit, foreign exchange, financial and trade conditions, under which industrial cooperation between the socialist and the developing countries is carried out, the new type of foreign economic relations, created by socialism as an economic system are expressed.

6.5. The choice of variants of cooperation and supporting decisions based on mutual economic advantage for the partners presumes taking advantage of method for evaluation, criteria and indicators, which may provide a reliable evaluation of the efficiency from a standpoint of the interests both of the national economy as a whole, and of the individual enterprise.

The system for evaluation of the efficiency of industrial cooperation between the socialist and the developing countries should proceed from the following basic points:

One, the contents and criterion of the efficiency of foreign economic relations, incl. of the industrial cooperation are identical with the contents and the criterion of efficiency of social production - the increase of social labour productivity, decrease of the total costs (variable and constant ones, which could be equalized to costs in a given moment of time by a way of discontinuing) in order to get a unit of effect.

Two, the efficiency of the industrial cooperation as well as of the economic cooperatinn in general cannot be assessed by a single indicator - measuring unit, as any kind of undertaking in this area gives rise to various effects - direct and indirect, in value and in kind, current and long-term, micro- and macro-economic, structural. *A system of indicators is required* which will reflect adequately the influence of the cooperation upon the course of the reproduction process, on its efficiency, structure and rates of growth. Many of the effects cannot be measured quantitatively by measurement methods, though sometimes they have decisive importance for the final total evaluation (typical in this respect is the long-term structural effect).

One of the major methodical requirements to this system of indicators comprises the following: though they cannot be integrated, the effects assessed by them should be mostly quantitatively measurable (directly or through effects correlated to them). But it is incorrect to insist that the indicators used for evaluation in every case be commensurable in order to be possible to integrate them in one common indicator - criterion for efficiency some of the effects are not measurable at all.

Three , from a view point of the economic situation typical for most of the developing countries, when evaluating efficiency of the industrial cooperation, priority should be given to the following additional indicators:

- settingup new productions, branches
- rate of industrialization of the economic structure
- raising the technical and technological level of production ;
- replacing the imported goods with local production and, related to this, saving of foreign currency influence on the trade and financial balance
- forming the export sector and increasing the export resources
- increasing the sources of accumulation
- growth of the employment, increasing the skill of the labour force:
- scales and intensity of absorption of the natural resources in the economic turnover:

- long-term structural influence of the activities carried out.

Most of these indicators assess effects which have immediate relation to the general effect,expressed by the growth of the social labour productivity and increase of the national income.

Four, the measurment methods (for the costs and the effects) should be based on the macro economic approach when evaluating efficiency. This requirement is of especially great importance for the developing countries, as only when accounted consistently, the industrial cooperation could assist to a maximum degree for the fulfilment of the strategic targets of the economic development of the developing countries - construction of its own industrial potential and up-to-date infrastructure. The policy of intensive structural changes and balanced development of the economy presumes a macroeconomic approach in solving relevant questions, incl. those in the field of foreign economic relations when selecting variants of cooperation and when evaluating specific activities. It is natural that the national economy's efficiency comprise the efficiency of the individual projects, but the evaluation of the final total result is arrived at by taking into account a number of additional effects, that remain beyond the scope of the criterion used in the microeconomic approach. *It is the national economy's macro approach which corresponds entirely to the above-stated global criterion of the economic benefit for the developing countries from the industrial cooperation* *with the socialist states - this cooperation, either with its individual activities, or as a whole is to contribute to the utmost for the implementation of the long-term economic strategy of industrialization*.

In the countries where central plans for the development of economy are used , the centralized determination of the proportions in the national economy favours the consistent application of the national economy approach in elaborating industrial cooperation and in the evaluation of the global effect from a given variant of decision.With this sort of approach in such cases it is not very difficult to find out the mutual benefit for the contracting sides, as the basis for estimation incorporates a good deal of various effects, influences, etc. most of which are not taken into consideration in the microeconomic approach.

Further - without taking advantage of this approach, the policy of the private sector in the developing countries, based exclusively on the criterion for gaining as much current profit as possible, may turn aside considerable resources, may cause structural disproportions and may hamper and delay the pursuance of the state structural policy.[1]

Five, the conditions, the nature and the motives of the industrial cooperation between the socialist and the developing countries presuppose autonomy of evaluation (either side evaluates the efficiency for itself),made on the basis of the evaluation adopted in the respective country methods and the considerations of the economic policy.Evaluations, obtained through such a procedure are taken into account by the contracting parties when preparing an agreement.They are used as summary criteria for the economic benefits for the contracting parties in specifying the final variants of decisions for activities related to industrial cooperation. Practice proves that agreement on mutually beneficial variants of cooperation encounters less problems, provided the basis, on which the evaluation of the efficiency of the proposed decision is a broader one.

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[1] The above-stated contains some of the arguments for the important advantage of the economic cooperation of the developing countries with the socialist states as compared to the cooperation with capitalist firms ,which are guided most often by expected profits from the transactions.

Six, higher precision and easier applicability are two requirements difficult to coordinate characteristics of the methods and procedures for determining the efficiency. The determining requirement is that for satisfactory applicability of the evaluation methods. From this follows that the aim of taking into account most of the different effects should be complied with the requirement for applicability for the moment in the absence of "technology" for integration of the majority of effects into common one, the complimentary indicators should be used in the analysis of the results obtained by the measuring of a direct effect, for the purpose of obtaining more ample and complex evaluation.

6.6. Within the framework of the industrial cooperation with the developing countries, ever growing importance is acquired by its two especially promising forms, as follows:

- extending of credit to developing countries (delivery of equipment, technology, etc) for construction of enterprises; the loans will be paid back in part or in total of the output of the respective production unit.

- development of international specialization and industrial cooperation in selected branches and industries.

Practice has proved that these are effective forms for solving the complex objective, facing the majority of the developing countries - construction of industrial potential of their own, expanding the participation in international division of labour and diversification of exports as a condition for its growth and raising its efficiency.

Obviously one of the important questions in purely practical aspect is that for the measuring methods of efficiency of the different forms of industrial cooperation. The mentioned methods cannot offer a comprehensive and exhaustive basis for assessing the benefit of a given project in order to make decisions, but they cover the significant part of the elements affecting the efficiency.

In the official methodical instructions in our country and in the practice in the field of measurement of efficiency of foreign economic transactions of the method of evaluation of the economic effect of activities, connected with the indicated two forms of industrial cooperation is formulated in the following way:

6.6.1. Estimation of the efficiency from setting up of a production unit with the output of which is repaid the received credit for its establishment.

The total benefit will consist of components, subject to changes in the course of time:

a) the annual benefit during the period of exporting the output of the enterprise for account of repayment of the loan:

$$E_t = (B_e - B_d) \cdot t \cdot J_k - C_e' \qquad (1)$$

where t - years

B_e - net foreign currency receipts from export, foreign currency leva;

B_d - foreign currency receipts from exports of the output of the enterprise, assigned to repay the loan and credit fees.

J_k - import course

C_e' - discounted costs for production and transportation of goods to the border, calculated by taking into account only the capital investments(without the credits);

b) annual benefit during the period of exploitation of the production establishment after repayment of the credit.

$$E_t = B_e^t \cdot J_k - C_e' \qquad (2)$$

c) the ammount of the annual values of the two categories benefits for the period of exploitation of the production unit (or during the period of the contract) expresses the total benefit from the exports of the output of the production unit.Due to difference of time of occurence of the annual benefits when summing their annual amounts, that should be discounted to a fixed year T:

$$E_{\Sigma} = \sum_{t} E_{t} (1+zn)^{T-t} \qquad (3)$$

where zn - for the average national economy rate of profitableness

d) in addition one should take into account the economic effect of consumption of part of the production in the country.

The application of this method depends on the following basic data, foreign currency accounting and evaluation of costs - outputs:

Basic data:

Accounting the value of the project:

Equipment,machines,materials;

- imported
- local production
- prices- import and local

Quantity of output;

- output for exports
- output for local market

Production and transport costs;

Export and internal price of the output.

Foreign currency accounting

The total amount of the credit, the annual quotas of its utilization (in foreign currency, acdepted in the accounting);

Total debt, terms of repayment of the basic debt and interests;

Foreign currency receipts from exports of production above the deliveries for credit repayment - total amount and by years.

Costs, benefits, efficiency

Own capital investments

Production and discounted costs of the output;

Output entering the national economy;

Output produced against foreign currency receipts from exports of production above the deliveries for credit repayment accounted in prices of the internal market;

Annual and total benefit, total efficiency an
and fixing of the lowest export price.

6.6.2. In order to determine the economic benefit from the credit accorded to the developing country for putting up production units, with the output of which the credit is repaid, the following formulae is applied:

$$E = C_{it}(1+zn)^{T-t} - C_{et}(1+zn)^{T-t} \qquad (4)$$

where t - time of effecting the delivery of the goods (varies from 0 to T)

T - time of repayment of the total amount of credit

The benefit for the creditor-party will be formed from the difference between the accounting costs for the imported goods and the actual costs for export equivalent, which presents commodity discharge of the accorded credit, corrected with the discount for the credit. This influence cuts down the efficiency for the creditor-party due to the difference of the time of export deliveries under the credit and the imports of goods for its repayment. The amount of this reduction is determined by the amount which might be obtained under productive utilization in the national economy of the resources given on credit for the respective period.

6.6.3. When evaluating the economic benefit from the export operation on credit a coefficient , which measures the credit influence (suggested by the Soviet economist S.I. Zaharov) may be used:

$$E = (pe \cdot K \cdot X_{ieqv} - ce) Q_e \qquad (5)$$

where pe - foreign trade price of the export commodity, foreign currency leva per unit:

ce - national economy expenses for production and transportation to the frontier of a unit exported commodity, in leva;

X_{ieqv} - coefficient of efficiency of import equivalent (economy of costs against unit foreign currency costs):

K - coefficient of credit influence, expressing the relation between the total amount of the foreign currency receipts, discounted to the year of the delivery of the goods and the nominal foreign currency value of the goods. This coefficient indicates the efficiency decrease of exports related to the credit:

- output quantity, exported on credit.

6.6.4. In connection with the evaluation of the credit influence on efficiency of commodity exchange operations for the creditor, there exists a pending question. A general rule in the practice when calculating efficiency is for the term of the credit to be entirely accounted as a factor ,which decreases the total effect. This is expressed in all formulae.

However in cases where a production unit is built on credit ,whose output is exported to the creditor-country, it would be economically justified when taking into account the influence of the credit term on efficiency to substract from it the time-period required for the construction of similar production unit in the crediting country using the applied planning norms.By such a correction actually the time is shortened. This is the time for which the loss from deviating means from internal economic turnover to foreign loans is calculated.

The meaning of the proposed correction is that by providing economically better founded evaluation of the total benefit through decreasing the scales of the negative influence of the credit factor on efficiency of the operation from the position of the creditor, it actually expands the domain for choice of mutually beneficial variants of decisions, taking advantage of crediting certain projects in the field of industrial cooperation.

In order to account for the stated considerations, it is necessary that in all formulae in which the influence of the credit conditions is reflected, a new cariable be introduced which effects the following correction: decreasing the difference in time between export deliveries under the credit and the imports of the production for its repayment, with the normative period for setting up of an analogic production unit in the creditor's country. By introducing this element, formula (4) will read as follows:

$$0 \leq E = C_{it}(1+zn)^{T-t} - C_{et}(1+zn)^{T-t-t_n} \qquad (6)$$

where t_n - normative term for building of a similar production unit in the creditor-country

6.6.5. The methods applied in Bulgaria for evaluating the efficiency of the operation in the field of international specialization and cooperation of production in principle is suitable for utilization also by our partners - the developing contries.

In the accepted by the People's Republic of Bulgaria method for determination of the efficiency of participation of the country in international specialization and cooperation of production (MSCP), the annual benefit from this participation is used as main indicator.

The total economy of social labour, which is the basis of the estimated effect, consists of the following three basic interrelated compounds:

- economy of labour as result of the fact that the country gives up the production of commodities which would cost her more and meets its needs through imports against exports of output for which it has comparative advantages;

- economy (or loss) of social labour from marketing the commodities not at national, but at international prices: at a given ratio between export prices and import prices the country has to spend more or less in order to attain the necessary balance between export and import at international prices ;

- economy of social labour from reducing the production costs of the specialized production as a result of concentration of production: part of this economy is realized through the exports - the cost of the exported goods are lower, and another part - through the marketing of the specialized production on the internal market.

These three components which form the economic effect can be expressed by the following general formula:

$$E_S = (C_i - C_e) + E_x (B_e - B_i) + E_{cont} \qquad (7)$$

where E_S - annual effect of specialization

and C_i, C_e - the sum of expenses for imports and exports

and B_e, B_i - foreign currency amount of exports and imports:

- effect from concentration of production resulting from specialization:
- exporting rate.

The economic effect determined through the above formula is obtained as a total of:

- the difference (in national currency) between the sum of the costs of imports and the sum of the receipts from exports of the output,subject to the arrangement for specialization and cooperation;
- foreign currency balance of receipts and expenses of the export and the import of specialized production, recalculated in national currency at the exchange rate given by the Ministry of Foreign Trade;
- the amount of reduction of production costs as an effect from concentration of production resulting from MSCP.

The foreign currency balance does not hamper identifying the effect of MSCP- Through recalculation of the balance at the export exchange rate a balancing is attained on the basis of such product -mix which forms the export equivalent (depending on the accepted export rate - average for a given country, for a given range of product-mix or for a single-item - balancing is obtained under different conditions, i.e. at different efficiency of the balancing export quota).

In our practice it is accepted that the balance in foreign currency be recalculated not separately - respectively at export or import rate under passive or active balance, but only at an export rate. In most cases the impossibility to identify the anti-import expenses for formation of the would be expenses of the national economy for the imported commodity is the main reason for not using the import rate in the measurement method. Under Bulgaria's conditions the prevailing part of the imports have a non-competitive nature, i.e. it comprises goods which are not produced in the country and there are no conditions for arranging their production. The theoretical conception for "anti-import accounting " for each imported article cannot be made. Due to this reason in our country export rate only is applied. The same is the practice in a number of other countries such as Hungary and GDR. The method applied in our country envisages in a number of cases the possibility for the determina tion of possible expenses on imports to be made on the basis of the price at which the specialized output can be imported from third countries or through multiplying the foreign currency price of the imported output at the most favourable export rate of the respective foreign currency.

The reduced evaluation of the efficiency of MSCP is made by using a number of additional indicators, most of which are subject to quantitative measurment.In this additional quantitative and qualitative analysis of the obtained direct economic effect (or planned one) , in the economic establishment and organizations in our country the following indicators are used:

- change in material and power input coefficients, influence on imports of materials and power;

- change in capital output coefficients, period of repayment of capital investments;

- economy or additional demand for labour, effect upc upon workers' qualification;

- quantitatively estimated effects on personal consumption or production consumption in the internal market;

- changes in volume of imports and exports in different destinations, repercussion on trade balance and balance of payments;

- individual and complex structural effect from the development of a given specialization and cooperation of production.

Practice proves that in a number of cases some of the additional effects may have decisive importance for adopting a given alternative of specialization and for determining the mutual advantage.

Enclosure 1

Please refer to document ID/WG.299/1, pp. 89-95.

AGREEMENT

for economic,industrial,scientific and technical cooperation between the Government of the People's Republic of Bulgaria and the Government of..........

The Government of the People's Republic of Bulgaria and the Government of...........

being desirous to expand and intensify bilateral relations and cooperation in the field of economcy,industry,science and technics,on the basis of mutual advantage,

convinced that the development of such cooperation will assist the acceleration of the economic and technical progres in the two countries,

have agreed on the following:

ARTICLE 1

The Contracting Parties will take maximum advantage of the existing prerequisites for broader development of the economic,industrial,scientific and technical cooperation, and will favour this cooperation in all possible areas.

ARTICLE 2

Both parties will facilitate the initiatives aiming at conclusion of contracts between Bulgarian and .... organizations and enterprises and will assist the implementation of these contracts within the framework of the Agreement.

ARTICLE 3

The economic,industrial,scientific and technical cooperation between the enterprises and organizations of the two countries will be carried out mainly in the following forms:

- joint putting up of economic projects and their eventual joint exploitation both in the two countries and in respect of third markets as well.

-Joint production of commodities by the way of TSM job (job work) or another form of cooperating, for meeting the local requirements and for delivery to third markets.

-Cooperation in the phases of investigations and implementation, either for equipping of new economic project or for expansion and modernization of the existing production capacities, through expanding the production capacity or improvement of production.

-Technical cooperation through exchange of licences and documentation and along with this through joint elaboration of technologies and providing experts and other technical assistance.

-Cooperation in the field of tourism through joint arrangement of tourist itineraries both for tourists from the two countries and for tourists from third countries. To this end tourist offices will be established respectively in Bulgaria and in...........

ARTICLE 4

The terms and conditions under which economic,industrial,scientific and technical cooperation is carried out in each country,will be specified in contracts between the participating in the joint projects enterprises and companies , in compliance with the legal regulations in force in the two countries.

The deliveries under such contracts for cooperation will be effected in principle within the frameworks of the Trade Agreement in force between the two countries.

ARTICLE 5

The cooperation between the concerned Bulgarian and ....enterprises and organizations will be mostly carried out in the following branches of economy:

- machinebuilding and metallurgy;
- mining and geological surveys
- agriculture and food-processing industry;
- power generation
- chemical, petrochemical and pharmaceutical industry;
- transport and communications
- tourism
- trade and credit policy.

The Contracting Parties will also encourage the economic , scientific and technical cooperation between their respective organizations in other areas of mutual interest .

ARTICLE 6

For the purpose of consistent investigations of the possibilities for development of mutually advantageous cooperation, envisaged in this Agreement, and for organizing such cooperation, a Joint Committee for economic,industrial, scientific and technical cooperation is established, the Statute of which is attached herewith as an Annex to the Agreement.

ARTICLE 7

The present Agreement comes into force from the date of exchange of notes of its ratification by the competent authorities of the two countries and will be valid for a period of 10 years. Six months prior to the expiry of this Agreement, both Parties sill agrree on the necessary steps to provide for the extension of the economic, industrial, scientific and technical cooperation between the PR of Bulgaria and ..1 ....

Done in Sofia on............in two original texts in the English language, both being equally authentic.

FOR THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BULGARIA:	FOR THE GOVERNMENT OF ....

AGREEMENT

for economic,industrial,scientific and technical cooperation between the People's Republic of Bulgaria and................

The Government of the People's Republic of Bulgaria and the Government of...........,guided by the desire to develop the economic,industrial,scientific and technical cooperation, corresponding to the mutual interests of the two countries, have attained mutual consent on the following:

ARTICLE 1

The Contracting Parties establish on mutually beneficial basis economic,industrial,scientific and technical cooperation and declare their readiness to encourage its materialization in all these areas.

ARTICLE 2

The economic,industrial,scientific and technical cooperation between the two countries will be carried out within the framework of the legislation and the practice in the two countries and will cover:

a) specialization and cooperation in industrial production, with the aim to expanding two-way trade and joint exports to third countries;

b) joint surveys of natural resources and setting up production units to be used either by one or the other

Contracting Party or jointly by both of them:

c) designing, construction and delivery of complete projects or individual equipment and joint activities in third countries;

d) cooperation in the field of tourism, sea, air, railway and road transport between the two countries;

e) cooperation in agriculture through exchange of information on the gained experience by both sides; also on the new methods which may be beneficial to both countries;

f) cooperation in the field of using the rivers which cross the territories of the two countries, and of the electric power;

g) providing licences, technical documentation and technical assistance, exchange of technicians for raising the qualification and exchange of experience, establishing contacts between the research and designing institutes for joint elaboration of projects;

h) other forms of economic cooperation.

ARTICLE 3

Realization of the referred to in Article 2 trends for economic, industrial, scientific and technical cooperation is effected on the basis of contracts which will be signed by the authorities, enterprises and companies concerned of the two countries. These contracts may be concluded only upon approval by the competent authorities of the two countries.

The Contracting Parties will inform each other through the diplomatic chanel about these specific contracts which may be concluded by the authorities,enterprises and companies of the two countries in the indicated in this Agreement areas.

ARTICLE 4

The implementation of this Agreement and the further all-round development of the economic cooperation will be materialized with the aid of the bilateral Commission for economic cooperation ,set up in compliance with the Agreement dated ....

ARTICLE 5

The payments ensuing from the cooperation,envisaged under the present Agreement, will be effected in compliance with the legal regulations in force in the two countries, and these ones of the Payments Agreement between the two countries.

ARTICLE 6

The regulations of this Agreement do not affect to any extent the rights and commitments of the Contracting Parties which ensue from the concluded by them other international agreements.

ARTICLE 7

The Contracting Parties undertake not to inform without preliminary mutual consent any third party about the results of the carried out scientific and technical cooperation,in compliance with the present Agreement.

ARTICLE 8

Each alteration or supplementation to the present Agreement will be done upon written consent between the two Contracting Parties.

ARTICLE 9

The present Agreement comes into force upon exchange of notes through a diplomatic chanel,in which the parties inform each other about its approval by the governments of the two Contracting Parties.It remains valid until being denounced by either Party , submitting a 6 months' advance notice about this.

The denouncing of the Agreement in no case will affect the commitments undertaken by the Parties on the basis of the present Agreement, which are still in force in the moment of its denunciation.

Done in Sofia on.........in two original texts in English, both being equally authentic.

FOR THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BULGARIA:	FOR THE GOVERNMENT OF THE ....

AGREEMENT

ON ECONOMIC,SCIENTIFIC AND TECHNOLOGICAL COOPERATION BETWEEN THE PEOPLE'S REPUBLIC OF BULGARIA AND ....

The Government of the People's Republic of Bulgaria and the Government of............ animated by the desire of strengthening and further promoting the friendly relations of the people of their countries on the basis of mutual respect of the sovereignity, independence, territorial integrity and non-intervention in their internal affairs;

Noting with satisfaction the successful cooperation established between their two countries;

Desiring to strengthen their economic,industrial,scientific and technological co-operation to their mutual advantage;

Recognizing the usefulness of long-term agreements capable of creating the basis of a stable economic,industrial,scientific and technological cooperation;

Have agreed as follows:

ARTICLE 1

The Contracting Parties shall continue to encourage cooperation in the economic,industrial,scientific and technological fields on the basis of mutual advantage.

ARTICLE 2

The Contracting Parties shall encourage and facilitate the participation of their respective organisations, enterprises and firms in the implementation and execution of existing and future development plans, programs and projects.

ARTICLE 3

The Contracting Parties shall determine by mutual agreement the fields of activity in which such co-operation is desired to be extended, taking into account their requirements in raw materials, equipment, technology and man-power resources.

ARTICLE 4

Cooperation within the scope of the present Agreement shall include:

a) engineering, mutual deliveries and setting up of industrial plants or individual equipment, extension and modernization of industrial enterprises;

b) specialization and industrial cooperation in the field of production with a view to increasing their trade exchange;

c) joint financing, by long-term arrangements, of Government and other development plans and projects;

d) exchange of patents, licences,know-how, scientific and technological information;

e) cooperation in the fields of tourism,sea and air transport;

f) exchange of technical experts;

g) cooperation in the field of agriculture;

h) promotion of trade by way of increasing the exports of their country in accordance with the Trade Agreements in force;

i) other forms of economic cooperation.

ARTICLE 5

For the realisation of the cooperation under this Agreement and subject to the laws and regulations in force in their respective countries, the Contracting Parties shall encourage the conclusion of agreements and contracts between the economic organisations, institutions,enterprises and firms of their countries, by providing the necessary facilities for this purpose.

ARTICLE 6

The Contracting Parties shall establish, by mutual agreement, a permanent Intergovernmental Commission on economic,scientific and technological cooperation for the purpose of supervising the implementation of this Agreement and of contributing to the further development of economic cooperation, making periodical reviews of progress in the field of cooperation. To this end, the Commission shall prepare long-term programmes for the development of mutually advantageous economic,scientific, technological and industrial cooperation. These programmes shall be agreed each year.

The Commission shall comprise a Bulgarian and a........part, designated by the respective Governments. The Chairmen of the two parts shall be on a ministerial level. The Commission shall adopt its own Rules of Procedure regarding its work.

ARTICLE 7

Payments proceeding from the co-operation provided for in this Agreement, shall be effected in accordance with the legal regulations in force in the two countries and shall comply with the provisions of the Long-term Trade and Payments Agreement between the two countries.

ARTICLE 8

The provisions of this Agreement shall not affect the rights and obligations of the Contracting Parties resulting from other international agreements already concluded.

ARTICLE 9

Any amendment or addition to this Agreement shall be made through an agreement in writing between the two Contracting Parties.

ARTICLE 10

The present Agreement shall enter into force on the day of receipt of the second of the notes to be exchanged, by which the Contracting Parties shall inform each other that it has been approved by their Governments in accordance with their respective legal requirements. The Agreement shall remain in force for a period of ten years. Thereafter it shall continue in force unless denounced by either Party by a six months' notice in writing.

When this Agreement ceases to be in force the validity of any contract or agreement concluded under the provisions of this Agreement shall continue until such contract or agreement is fully discharged.

DONE at............on.........in two original copies in the Bulgarian and English languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BULGARIA:	FOR THE GOVERNMENT OF ....

CONTRACT

between

The National Company on Textile Industry .. ..
headoffice.. ..\. .... hereinafter referred
to as PURCHASER,represented by Mr ... .,Director
General

on one side

AND

The Association 'TECHNOEXPORT-TECHNOCOMPLECT", headquarters at Sofia,Bulgaria, 20, Julio Curi Str., hereinafter referred to as SELLER, represented by Mr...... ......
its Director,

on the other side

ARTICLE I - SUBJECT OF CONTRACT

The present Contract has as subject

a) Regeneration on part of TECHNOEXPORT-TECHNOCOMPLECT of.......weaving loomms assembled at the plant and delivery of assembly groups and the necessary parts for th the same regeneration(repair) (See Annex 1).

b) Delivery of spare parts required for the current run of the machines for a period of 2 years, upon the above-stated regeneration(See Annex II.)

ARTICLE 2- PRICE OF CONTRACT

- Groups and spare parts for regeneration of ......
weaving looms, mounted in the plant in ....:
$ ....

- spare parts covering the usual consumption
for two years after the regeneration: ....

Totally $ ....

ARTICLE 3 - PAYMENT TERMS AND CONDITIONS

The payment of the deliveries from TECHNOEXPORT-TECHNO COMPLEET will be effected in compliance with the provisions of the Agreement dated........ .
The amount of the contract ....will be paid as follows:

a) ....% of the value or ....$ payable by... ....within 30 days upon approval of the contract from the competent authorities of the two countries, by divisible and non-changeable Letter of Credit, opened in favour of TECHNOEXPORT-TECHNOCOMPLECT with the Bulgarian Foreign Trade Bank by......... ....bank.
In advance TECHNOEXPORT-TECHNOCOMPLECT will issue a guaranteee for the same amount.

b) .....% of the value , or.........$,payable by the Purchaser in compliance with the provisions of the Agreement dated... ..... with an interest rate of .....%, on an instalment basis for 12 years.

The payable amounts in dollars are calculated on the basis 1 $ = ...grams of fine gold.

ARTICLE 4 - TERMS OF DELIVERY

The delivery of the goods will be effected in 4 dispatched of equal value, the first of which will be effected 4 months at the latest after the opening of the L/C, referred to in Article 3 above.

The other dispatches will be effected at intervals of 2 months as from the first delivery.

Each dispatch has to comprise the necessary parts so that will enable the regeneration of a group of ......weaving looms.

The regeneration is to be done in .....groups of looms.

ARTICLE 5 - PAEKING

The packing and the protection of the commodities will be done in a way meeting the up-to-date requirements so that the transporting agency should not be freed from his duty regarding the packing and insufficient protection of the commodity.The supplier will be responsible for any loss,damage up to the port of destination and due to defect packing or protection,insufficient or not suitable.

ARTICLE 6 - GUARANTEES

a) Guarantee against manufacturing defect

The SELLER guarantees that the delivered spare parts are made of first-grade raw materials and guarantees that the castings are made in such a way as to avoid any deformation after these parts are set in motion and this will last for a period of 1 year under conditions of normal exploitation.

THE SELLER undertakes to freely replace the defect partis and to cover on his own account the transport expenses.

b) Guarantee for the price of the parts

The SELLER guarantees that.......weaving looms will not consume mechanical spare parts at a value exceeding ....$ per annum for a period of 5 years,as from the date when the contracts comes into force.

THE SELLER also guarantees that the increase of the prices of the spare parts will be in reasonable limits during these 5 years.

c) Placing the spare parts at disposal

The SELLER guarantees availability of spare parts for a period of 10 years from the date when the Contract comes into force, and a delivery term 6 months maximum upon opening the L/C.

ARTICLE 7 - DATE OF EXECUTION

The present Contract will come into force on the day when its clauses are approved by the government authorities of the two countries within maximum 60 days from the date of its signing.

ARTICLE 8 - FORCE MAJOR

None of the two parties will be considered responsible fo for the non-discharge or delay of discharge of its commitments, stated in the present contract, when this delay or non-fulfilment is due to force major reasons.

ARTICLE 9 - COURT OF ARBITRATION

1) Any difference which may arise in respect to the interpretation of the present Contract or regarding its implementation will be settled in a friendly way by both sides.

2) In case of discordance, it will be solved finally by the International Chamber of Commerce in Geneva.

ARTICLE 10 - APPLICABLE LAW

The present Contract will be under the law of the partner-country to the People's Republic of Bulgaria.

ARTICLE 1 - NON-INTERFERENCE OF A THIRD PERSON

The SELLER and the PURCHASER state that the present Contract is concluded without direct or indirect assistance, without intervention of any agent of intermediary transactions.No compensation, no debt, no commission , fiscal instalment or anything else has been paid or will be paid to the middle-man - agent.

Both sides undertake to treat directly between themselves any transaction in direct or indirect relations to this contract and will not tolerate in their relations the intervention of a third person.

ARTICLE 12- LANGUAGE

The present contract is made in 4 copies in the English language.

ARTICLE 13- ANNEXES

The Annexes present an integral part of the present Contract.

FOR........ FOR............

ANNEXES

ANNEX I - Groups and parts necessary for regeneration of ......pcs weaving looms

ANNEX II - Spare parts for use in 2 years' period after the regeneration